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# COMMODITY DISTRIBUTION AND FOOD STAMP PROGRAMS

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## HEARINGS

BEFORE THE

### SUBCOMMITTEE ON AGRICULTURAL RESEARCH AND GENERAL LEGISLATION

OF THE

### COMMITTEE ON AGRICULTURE AND FORESTRY

### UNITED STATES SENATE

NINETY-THIRD CONGRESS

SECOND SESSION

ON

### S. 2871

TO AMEND THE FOOD STAMP ACT OF 1964, AS AMENDED,  
AND FOR OTHER PURPOSES

AND

### S. 3235

TO AMEND THE FOOD STAMP ACT OF 1964 TO PROVIDE FOR  
THE ADMINISTRATION OF FOOD STAMP PROGRAMS ON  
INDIAN RESERVATIONS, AND FOR OTHER PURPOSES

MARCH 27 AND 28, 1974

Printed for the use of the Committee on Agriculture and Forestry



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# COMMODITY DISTRIBUTION AND FOOD STAMP PROGRAMS

WEDNESDAY, MARCH 27, 1974

U.S. SENATE,  
SUBCOMMITTEE ON AGRICULTURAL RESEARCH  
AND GENERAL LEGISLATION OF THE  
COMMITTEE ON AGRICULTURE AND FORESTRY,  
*Washington, D.C.*

The subcommittee met at 10 a.m., pursuant to call, in room 324, Russell Senate Office Building, Hon. James B. Allen (chairman of the subcommittee) presiding.

Present: Senators Allen, Clark, McGovern, Dole, Bellmon, and Curtis [ex officio].

Also present: Senator Huddleston.

## STATEMENT OF HON. JAMES B. ALLEN, A U.S. SENATOR FROM THE STATE OF ALABAMA

Senator ALLEN. The subcommittee will please come to order.

There is a quorum of the subcommittee present, so we will proceed with the hearing.

Today's hearing is on S. 2871, a bill introduced by Senator George McGovern and several other Senators which would extend authority of USDA to purchase nonsurplus food commodities for donation and distribution to schools, charitable and governmental institutions, infant supplemental feeding programs and for disaster relief purposes.

Also S. 3235 has been introduced by Senator Young, which covers some of the same area, and also deals with the food stamps on Indian reservations.

This bill will also be a subject of the hearing.

S. 2871 would amend the food stamp provisions of last year's Agriculture and Consumer Protection Act to increase Federal payments for administration of the food stamp program in States and offer optional features to Indian reservations regarding the type and administration of Federal food programs they wish to have in the future.

Traditionally, food commodities purchased and donated by USDA to schools and other institutional outlets consisted only of those commodities that were in surplus supply. However, in the past year or two the number of commodities qualifying for the "surplus" list has diminished substantially as a result of reduced farm supplies and increased consumer demand.

As the number of commodities has diminished, the food budgets of many institutions which have traditionally depended upon these supplies, have become threatened.

In the case of school lunch donations, Congress provided authority under Public Law 93-150 last year to USDA to contribute cash in lieu of these commodities whenever they were unavailable in quantities normally provided.

However, the exercise of even this authority would become inoperative after June 30, 1974, unless Congress either changes or extends the authority provided in the Agriculture and Consumer Protection Act of 1973—Public Law 93-86—for USDA purchases of nonsurplus commodities for such donations. This latter authority is now scheduled to terminate on June 30, 1974.

In fiscal 1972, over \$650 million in sections 32, 416, and 6 funds were used to purchase over 2.5 billion pounds of food for donation to institutional outlets and schools nationally.

In my home State of Alabama that year, we received about 126 million pounds of this food valued at about \$32 million for our schools and other institutions.

In fiscal 1983, nationally, only 2.1 billion pounds of food were purchased costing \$542 million, plus about \$71 million that was paid in cash in lieu of commodities to schools.

In Alabama, we received 101 million pounds of these food commodities in fiscal 1973 which were valued at about \$25.3 million.

In addition, Alabama received \$1.8 million in cash in lieu of commodities to schools. In value terms, Alabama received about \$5 million less in fiscal 1973 than in fiscal 1972.

Our Nation's commitment to our school children and the needy—whether they be among the economically disadvantaged, infirm, or victims of disaster, must be met. National food programs such as the commodity donation program are not only important to the recipients, but also to many farm producers whose products are presumably subjected to occasional surpluses.

When that happens, huge USDA purchases of such commodities are often made to help stabilize the prices of those farm commodities.

One of the most recent examples of this which has been in the press in the last day or so, deals with the authorization to purchase some \$45 million in beef to stabilize the price of the beef market.

I might call on Secretary Yeutter to discuss that authorization this morning.

USDA has the flexibility within the commodity donation program to vary donation levels to absorb large purchases of a particular commodity in surplus without doing violence to basic nutritional standards of the program.

When such commodities are not in plentiful supply, USDA can spread its purchases among commodities more evenly, thus avoiding placing too strong a price strain on any single commodity, yet again, meet the total volume and nutritional needs of the program.

While there appears to be rather strong support both in and out of Congress for extending this nonsurplus buying authority, recent press stories and statements by Secretary of Agriculture Butz sug-

gest that USDA may oppose such extension in lieu of some new voucher or cash assistance plan they may offer to replace the existing commodity program.

We look forward to hearing USDA's views and proposals concerning this and other matters addressed by S. 2871, regarding the food stamp program. We also look forward to hearing from Senator McGovern and other sponsors and supporters of this proposed legislation.

Senator McGovern, do you wish to make a statement at this time?

**STATEMENT OF HON. GEORGE MCGOVERN, A U.S. SENATOR FROM  
THE STATE OF SOUTH DAKOTA**

Senator MCGOVERN. Thank you, Mr. Chairman. I will not read all of my statement, but I would like to have it inserted in the record together with supporting documents.

Senator ALLEN. Without objection, that will be done.

Senator MCGOVERN. I want first of all, Mr. Chairman, to commend you for scheduling these hearings on the food program technical amendments, S. 2871. The bill contains provisions that I believe can have a direct effect on the diets of millions of Americans and can at the same time assist our agricultural economy.

Last summer Congress passed the Agriculture and Consumer Protection Act of 1973. The law mandated a nationwide food stamp program by this coming July 1, terminating the family commodity distribution program.

I am confident, and I think the chairman and other members of the committee will share this view, that it was not the intent of Congress to prejudice other food programs relied upon by millions of Americans.

The food program technical amendments which I have introduced along with 17 other Senators, attempt to insure that the termination of the family commodity program does not prejudice other national food programs, the commodities that have heretofore been made available to the school lunch and school breakfast programs, the supplemental feeding programs, disaster relief, Indian reservations and so on.

The amendments contain three major provisions. First, they would require USDA to purchase commodities for Federal food programs on the open market when there are no Government-owned surpluses available.

Mr. Chairman, that is the law now, but that provision expires July 1, unless we act in the meantime.

Second, the legislation would allow Indian reservations the option of electing which family food program it prefers, the food stamp program or the commodity program. As I think these hearings will develop, and the supporting evidence which I am going to put in the record will make clear, it is very difficult for some of our Indian reservations to switch from the commodity program to the food program.

This would give them the option of remaining under the commodity program if it seemed to fit the local area better.

Third, the legislation would provide Federal reimbursement to the States of 62.5 percent of the cost of the administration of the food stamp program.

It is interesting, Mr. Chairman, that historically authority for the Commodity program came from various surplus removal sections of the agricultural laws.

Without surpluses, however, these statutes lie dormant and they provide no assistance in procuring commodities for recipients when there are no Government-owned stocks, as is the case today.

Last June when Secretary Yeutter appeared before the Select Committee on Nutrition and Human Needs, Senator Kennedy was presiding in my absence.

Mr. Yeutter testified at that time, and I quote, "The purchase authorities which are used to provide food for these programs are surplus removal purchase authorities and it is very difficult for us to buy commodities under surplus removal programs when we have no agricultural surpluses," which is a perfectly logical statement.

But I think partly because of that testimony by Secretary Yeutter the Congress soon thereafter, in August of 1973, some 2 months later, passed legislation that in fact gave USDA the authority that Secretary Yeutter said was missing under the surplus removal program.

With the termination of the family commodity program, however, the Department seems to be opposing an extension of this authority. But while opposing the extension they have not yet proposed a specific substitute that would adequately compensate these various programs that depend on commodities being made available.

For example, Mr. Chairman, today cattlemen all across the country are losing anywhere from \$100 to \$200 a head on the sale of cattle.

Senator Curtis and I held some hearings out in Omaha a couple of weeks ago on the fertilizer situation but half of the witnesses wanted to talk about the cattle price situation.

The Department of Agriculture should be helping the cattlemen and schoolchildren alike with the increased purchases of beef for the school lunch program.

Some of us have been urging that for several months. I was very glad to see yesterday in the news that that is being done, that the Department now has decided to commit some \$45 million in purchasing beef for next year's school lunch program.

I am glad about that for three reasons: Number one, it means we are going to have a better school lunch program; number two, it ought to have some stabilizing effect on the sagging cattle markets that are just wrecking our cattle feeders across the country; and, number three, I would like to interpret this as an indication that the Department of Agriculture has given up on the idea of abandoning the commodity purchase program.

I hope that assumption proves to be correct.

Mr. Chairman, the rest of my statement, I think, is self-explanatory. It is a rather lengthy statement. I don't want to delay Secretary Yeutter and others who we want to hear from, but I would ask unanimous consent that this material, together with the supporting documents, be made a part of the record.

Senator ALLEN. Without objection, it is so ordered.  
 [The prepared statement of Senator McGovern follows:]

STATEMENT OF HON GEORGE MCGOVERN, A U.S. SENATOR FROM THE STATE OF  
 SOUTH DAKOTA

Mr. Chairman, I would like to commend the Chairman for his prompt scheduling of these two days of hearings on the Food Program Technical Amendments, S. 2871. This bill contains provisions that I believe can have a direct effect on the adequacy of the diet of millions of Americans.

Last summer Congress passed, and the President signed, the Agriculture and Consumer Protection Act of 1973. This law mandated a nation-wide food stamp program by this July 1st, terminating the family commodity distribution program.

It was not the intent of Congress, however, in so doing, to prejudice the other food programs relied upon by millions of Americans.

The Food Program Technical Amendments which I have introduced attempt to insure that the termination of the family commodity program does not prejudice the other national food programs—school lunch and breakfast, supplemental feeding, disaster relief, and Indian reservations.

The Amendments contain three major provisions:

1. They would require USDA to purchase commodities for federal food programs on the open market when there are no government owned surpluses available. This is the law now, but this provision expires July 1st and must be continued.

2. They would allow Indian reservations the option of electing which family food program it prefers—the food stamp program or the commodity program. As a result of a hearing I conducted on the Pine Ridge Reservation in South Dakota, I believe that it is "impossible and impracticable" within the language of the 1973 Farm Bill, for the reservations to implement an efficient food stamp program by this July 1st. If a reservation does elect the food stamp program, it would then have the option of administering the program itself, entering into an agreement with the State for the administration of the program, or delegating the administration to the BIA.

3. Provide federal reimbursement to the States of 62.5% of the cost of the administration of the food stamp program.

USDA COMMODITY SUPPORT

Historically, authority for commodity donations to schools, charities, and disaster relief came from various surplus removal sections of the Agriculture laws. Without surpluses, however, these statutes lie dormant. They provide no assistance in procuring commodities for recipients—who have grown to rely on these programs—when there are no government owned stocks, as is the case today.

The Agriculture Consumer Protection Act of 1973 provided the Secretary of Agriculture, for the first time, with the authority to purchase commodities needed for the commodity programs—school lunch, disaster relief, charitable institutions—when the commodities are not surplus.

This legislation was a direct response to the testimony of Assistant Secretary Yeutter before the Select Committee on Nutrition and Human Needs, June 4, 1973, when he stated:

\* \* \* the purchase authorities which are used to providing food for these programs are surplus removal purchase authorities. And it's very difficult for us to buy commodities under "surplus removal" programs when we have no agricultural surpluses.

The Congress soon thereafter, in August of 1973, passed legislation giving the USDA the authority requested by Assistant Secretary Yeutter. With the termination of the Family Commodity Program, however, USDA opposes an extension of this authority. While opposing the extension, USDA has not yet proposed a specific substitute that would adequately compensate for the termination of commodities. In fiscal year 1973, USDA donated one billion pounds of food to schools plus over 125 million pounds of food to charitable institutions—senior citizen centers, supplemental feeding programs, day care centers, summer feeding programs, plus millions of pounds to disaster relief organizations.

I would propose that for schools, at least, the seven cents worth of commodities to be raised to ten cents to account for inflation, and that an escalator clause be included to account for future inflation. At a minimum, that level of support must be continued.

Over the last couple of decades, we have been able to meet our commitment to these programs with government owned surpluses. This past year has been the first that USDA has had to go into the market and purchase the commodities. Many economists predict that surpluses will again appear in the near future. It simply does not make any sense to terminate the entire program because of what very well may be a short term trend.

In addition, not enough has been said about what this program means to the farm economy. Even in times of general shortages, such as we have today, there are spot surpluses. These food programs can provide a valuable tool in maintaining farm prices during such periods.

For example, today, cattlemen all across the country are losing from \$100 to \$200 a head on the sale of cattle. USDA should be helping the cattlemen and school children alike with the increased purchases of beef for the school lunch program. For that reason, I propose that the Department use its increased purchasing authority to provide the schools with high quality protein products—meat and meat alternates.

There are several additional improvements which need to be made in our child feeding programs to keep up with rising costs. First, the school milk subsidy would be raised from four to five cents a half-pint, and a cost of living escalator built into the subsidy. Second, the authority for school food equipment needs to be increased by \$20 million; a recent USDA survey showed equipment needs of over \$175 million nationwide. Third, it is time to begin experimenting with more efficient ways of managing the lunch program and, toward that end, I would give the Secretary of Agriculture specific authority for a pilot Universal School Lunch Program.

#### INDIAN RESERVATIONS AND THE FAMILY FOOD PROGRAMS

The best description of the problems now facing the Indian reservations vis-a-vis food stamps was given by Charles Trimble, Executive Director of the National Congress of American Indians, in his letter to Secretary of Agriculture Butz. The letter is as follows:

Hon. EARL BUTZ,  
Secretary,  
U.S. Department of Agriculture,  
Washington, D.C.

DEAR MR. SECRETARY: The National Congress of American Indians expresses deep concern, on behalf of its member Tribes, regarding the impending closure of the commodities food assistance program and the premature imposition of state-controlled food stamp programs on various Indian reservations.

A meeting was held in Denver, Colorado, January 11, 1974, to discuss some of the problems inherent in the food stamps program for Indian reservations. In attendance at that meeting were representatives from Indian Tribes, the Department of Agriculture, the Department of Health, Education and Welfare, and other national Indian organizations including the National Tribal Chairmen's Association, the National Indian Law Center, and the Native American Rights Fund. Following is a basic summary of the problems and some recommendations for remedial action:

Some states refuse to administer food stamps programs on Indian reservations for lack of legal jurisdiction on the reservations. According to Mr. Conrad Moe, Food Stamp Director for the State of North Dakota, the Department of Agriculture holds the state accountable for program losses due to fraud, but the state has no legal jurisdiction to prosecute food stamp fraud cases within the reservations. It is likely that other states present similar arguments in refusing food stamp programs to Indian people.

Such hesitance on the part of states is not always based only on such apparently-justified legal causes. A number of states have long sought jurisdiction on Indian reservations as a means to impose taxes on reservation lands held in trust, and to wrest those lands by default in the many cases where Indian people are not able to pay the taxes. Tribes could become extremely vulnerable to such cruel blackmail by states that would literally starve Tribes

into submission to state jurisdiction by withholding food stamps services from them in the absence of an alternative food delivery system.

Even in cases where states have expressed good faith in cooperating with Indian people, there exists an unwillingness to expand the programs physically onto reservations. Instead, Indian people are invited into the off-reservation border towns where, more often than not, they face harsh discrimination. Needless to say, such discrimination increases when Indians are "on their knees" seeking services to which they are fully entitled.

In an off-reservation border town in Idaho, a bank is alleged to have declined to be a distribution or sales agency for food stamps because it did not wish to "have hippies and Indians on its premises."

It is our understanding that seeking certification for food stamp program eligibility in off-reservation towns is a traumatic experience for Indian people. Certifying agents of non-Indian extraction seldom understand the cultural, economical, or legal situation with Indian people. An Indian person who owns land or shares in Tribal assets is not necessarily financially independent. Nor are Indian people per capita recipients of "all that money the Government gives Indians." On the contrary, Indian people are on the lowest rung of the national economic and social ladder. Yet, such misconceptions of Indian people prevail at large among non-Indian neighbors in the off-reservation border towns.

Nor is the overall problem with off-reservation border towns only that of race and culture. Mr. Howard Tommie, Chairman of the Seminole Tribe of Florida, tells of some of the very common problems of logistics: "Often the local food stamp office which services the Hollywood Reservation has an eight-hour waiting line. In fact, clients who have waited in line from 7 a.m. to 3 p.m. are often told to come back the next day. When they return on the following day, there is no assurance that their application will be received. Some clients have waited in line for two or three days. This procedure poses an additional problem for the elderly who may not be able to withstand the physical strain or are unable to get an interpreter to accompany them for such extended periods of time."

It should be noted that on occasions, clients have been unable to budget their money so that they can purchase food stamps at a given time. Should they fail to purchase food stamps in any month, subsequently, they are removed from the food stamp rolls and must go through the certification procedure all over again."

Even without discrimination and misconceptions, forcing Indian people to go to off-reservation border towns for certification and food stamp purchase poses a financial and physical hardship on them. Without any form of public transportation, travel on most reservations is costly enough to virtually negate the benefits of food stamp assistance. With the looming energy crisis, travel for many reservation people will become impossible.

Such are the manifest problems with State administration of food stamp programs instituted for Indian reservations in the short time since the passage of Public Law 93-86 last August.

More importantly, however, Tribes are philosophically, legally, and justifiably opposed to mandated control over reservations by State governments. Tribes, in their unique relationship with the Federal Government, are governments with sovereign status at least equal to that of the several states. And most Tribes have proven their capability to administer very complex programs involving large sums of money.

Recognizing this in his Indian Message to Congress of July 8, 1970, President Nixon pledged governmental development and economic development assistance to Tribes. Placing Indian Tribes under state control in the food stamp program, without option to administer the programs themselves, subverts the self-determination initiative of the Administration. Forcing Indian people to off-reservation border towns for the purchase of food stamps encourages the expenditure of the stamps in those towns as well, thus subverting reservation economic development through circulation of capital within the reservations.

It is obvious that legislation and policy directives are needed to correct the deficiencies of the food stamp program for Indian reservations. Effective legislation and administrative action takes time, particularly in Indian affairs where consultation and inter-Tribal deference are of paramount importance. In view of this, the National Congress of American Indians hereby requests an

extension of the Commodities Food Distribution Program from June 30, 1974, to June 30, 1975. We feel that language in P.L. 93-86 provides for such contingencies in situations that are "impracticable or impossible"—which reservations appear at this time to be.

Time is needed to devise a workable food stamps programs for the very unique situations on Indian reservation—situations which were apparently not taken into consideration in the development of P.L. 93-86 nor in the various State plans.

In existing legislation, consideration was not given to the total lack of ancillary systems which makes food stamp programs practical in other areas. These include: lack of public transportation; lack of personal mail boxes that are required by law for official communication between case worker and client; lack of discount or reasonably-retail markets; and lack of nearby welfare offices.

In addition, provisions are needed—and not provided for in existing law—to inform and educate Indian people on the food stamp program itself, on legal implications, on basic consumer matters, and on nutritional matters. Provisions, both legislative authority and appropriations, are needed for such educational and informational programs.

In summary, then, the following measures are suggested by the National Congress of American Indians:

(1) Extend the existing commodity food distribution program from June 30, 1974, to June 30, 1975.

(2) Modify P.L. 93-86, or create new legislation, adapting the food stamp programs to better serve Indian reservations—including provisions for options for Tribal administration of the program, ancillary services development, and educational/information services.

In addition, some Tribes in which food stamp programs have been imposed prematurely by the states are faced with impending hardship. The Nez Perce Tribe of Idaho reports that food stamps have been imposed on four of the five counties comprising their reservation. In these counties, the commodities distribution program has been discontinued. Due to difficulties in getting Indian people certified, very few people are able to take advantage of the food stamps and the Tribe is faced with impending problems, hunger and malnutrition. Other Tribes are undoubtedly faced with the same problems. We hereby request that your office survey the Tribes in which the food stamps program has been instituted prematurely, and take appropriate actions to initiate emergency measures to provide food to these Tribes.

We respectfully request your immediate attention to this crucial matter. We also request an immediate meeting with members of your staff, particularly Mrs. Clayton Yuetter, Edward Heckman, and John Harris. We would also like to have a representative of the Department of Agriculture make a presentation to our Executive Council, which is comprised of representatives from each of our more than eighty member Tribes, on January 23, 24, or 25, 1974.

We look forward to working with the Department of Agriculture on this important matter and on all matters of benefit of Indian people.

Sincerely,

CHARLES E. TRIMBLE,  
*Executive Director.*

Senator MCGOVERN. The Food Program Technical Amendments therefore gives each reservation the option of which family food program best serves the people of the reservation—food stamps or the family commodity program. The tribe could elect to continue the commodity for as long as it thought necessary to effectuate a smooth change over to the food stamp program.

When it feels the proper education of the people has been completed and an adequate food distribution system is in place, it may request the Secretary of Agriculture to implement a food stamp program.

The tribe would then have the option of administering the program itself, entering into an agreement with the State for the administration of the program, or delegating the administration to the BIA. Whoever did the administering, the cost would be paid by the Federal Government. This provision is justified in my opinion, by the unique treaty obligations entered into between the Federal Government and the various tribes in the formation of the original reservation boundaries.

## THE ADMINISTRATIVE COSTS OF THE FOOD STAMP PROGRAM

The Food Stamp Program, although a national program, is administered by the States. Currently, the U.S. Department of Agriculture reimburses the States 62.5 percent of direct salary, travel, and travel-related costs (including fringe benefits) of personnel involved in: 1. certification of households not receiving public assistance; 2. outreach, and 3. fair hearings. All other costs, such as issuance of coupons, administration of a central State office, data processing, and others, are borne entirely by the State and local governments. According to a survey taken by the Select Committee, this reimbursement of 62.5 percent for some functions and nothing for all others averages out at 28 percent overall. The remaining 72 percent of the cost is usually divided between the State and the localities which operate the program.

With a nationwide Food Stamp Program commencing July 1, 1974, it is especially important to consider the financial burden this may place on some States and counties. Many poorer counties which now operate a Family Commodity Distribution Program do so because they cannot afford the administrative cost of running a Food Stamp Program.

Reuben K. King, Commissioner of the Alabama Department of Pensions and Security wrote to the committee " \* \* \* we should like to bring to your attention the fact that even with Federal and State matching funds, many of the counties that have operated a food distribution program with the aid of the U.S. Department of Agriculture operating expense funds did so because they simply were not able to finance their share of the cost of a Food Stamp Program in the beginning. We feel very strongly that the U.S. Department of Agriculture should participate to a greater degree in the administrative cost of the Food Stamp Program at both the State and county levels."

From North Carolina, David T. Flaherty, Secretary of the Department of Human Resources wrote: "While some counties passively resist the program changeover on moralistic and logistical grounds, others have resisted on the basis of additional county costs involved. These costs are a definite problem in those of our counties which have high percentages of poor and a small tax base. As it stands, the only non-Federal relief these counties can expect is from State reimbursement, and the return to the counties of a local 1 percent sales tax generated by the federally donated bonus food coupons—93 counties only. The only other source of relief is the overall boost to the county economy of the injection of Federal funds in the form of bonus food coupons. This boost, however, is impossible for a county accountant to measure and apply against program costs."

Similar warnings that counties might not be able to implement a Food Stamp Program simply because of the administrative cost burden involved came from Maine, Missouri, and Oklahoma.

As the Food Stamp Program has grown, it has become increasingly complex to administer. Some statewide programs are now using automatic data processing techniques, even though the States are not reimbursed for the costs of data processing equipment or personnel. A statewide Food Stamp Program requires a central State administrative office with personnel, rent, and supply costs—one of which are reimbursable. The larger Food Stamp Program will also present more opportunities for theft and fraud unless the States are able to hire sufficient investigators and security personnel. States now receive no reimbursement at all for security costs; and, not enough for investigators to keep many ineligible persons off the program.

The survey conducted by the Nutrition Committee which I mentioned above shows several important things. One is that although the Food Stamp Program is more costly to administer than the family commodity program, USDA reimburses the States an average of 54 percent of the administrative cost of the family commodity program—but only an average of 28 percent of the cost of administering the Food Stamp Program. USDA reimbursement for the administrative cost of the family commodity program comes in the form of allocations from an "Operating Expense Fund" set up to assist poorer counties in meeting the administrative expense of this program. States which contain counties now switching from the family commodity program to the Food Stamp Program estimate that these counties count for 60 percent of their cost increase between 1973 and 1975.

Overall, States and counties will be paying \$207 million for their share of the administrative costs of the Food Stamp Program in fiscal year 1975.

This is \$84 million more than the States and counties paid in fiscal year 1973, a jump of 70 percent in 2 years.

I propose to extend the federal reimbursement share of 62.5% to cover the other costs of the food stamp program, not just the three isolated functions enumerated above.

If this proposal is not adopted, there are counties which had 100% of the cost of the family commodity program paid for by the Federal Government's Operating Expense Fund in FY 73, which will have to pay 72% of the cost of the administration of the food stamp program in FY 75. And these are precisely the counties that can least afford it, as the Commissioner from Alabama points out.

The President has requested, in his FY 75 budget, \$3.985 billion for the food stamp program. Yet last year the Federal Government only contributed \$43 million to the States for administrative costs—1% of the cost of the program. Such a situation does not give the program a fair chance to work efficiently—to do the outreach required to reach all those needy who are potentially eligible, and to do the investigation required to weed out those ineligible.

That concludes my testimony, Mr. Chairman.

Senator ALLEN. Senator Curtis, have you a statement?

Senator CURTIS. I have no statement at this time.

Senator ALLEN. At this time, for the record, we will insert S. 2871; a staff explanation of S. 2871; Senate Bill 3235, to which I alluded earlier; a statement by the Chairman, Senator Talmadge; a statement by Senator Symington; a statement by Senator Humphrey, and also a statement in the form of a letter by Congressman John Brademas.

[The documents referred to follow:]

[S. 2871, 93d Cong. Second sess.]

A BILL To amend the Food Stamp Act of 1964, as amended, and for other purposes

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That this Act may be cited as the food program technical amendments.

SECTION 1. Notwithstanding any other provision of law, the Secretary of Agriculture shall (1) use funds available under provisions of section 32 of Public Law 74-320, as amended (7 U.S.C. 612c), to purchase, without regard to the provisions of existing law governing the expenditure of public funds, agricultural commodities, and their products to maintain the traditional level of assistance for food assistance programs as are authorized by law, including but not limited to school lunch, institutions, supplemental feeding, and disaster relief, and (2) if the stocks of the Commodity Credit Corporation are not available, use the funds of the Corporation to purchase agricultural commodities and the products thereof under section 416 of the Agricultural Act of 1949 to meet such requirements.

SEC. 2. Section 3 of the Food Stamp Act of 1964, as amended, is amended, by adding at the end thereof new subsections as follows:

“(o) The term ‘tribal government’ shall refer to any group of native Americans so recognized by the Department of the Interior.

“(p) The term ‘Indian reservation’ shall refer to any area so recognized by the Department of the Interior.”

SEC. 3. Section 4 of the Food Stamp Act of 1964, as amended, is amended by (1) redesignating subsections (b) and (c) as subsections (c) and (d) and (2) inserting a new subsection (b) as follows:

“(b) Notwithstanding any other provision of law, the Secretary is authorized to formulate and administer a food stamp program at the request of any tribal government under which eligible households shall be provided with an opportunity to participate in the food stamp program under the provisions of this Act, in which case the tribal government shall be considered a State for purposes of this Act. Any tribal government requesting a food stamp program may enter into an agreement with a State to have the State administer such a program, or may delegate the administration to the Secretary of the Interior, in which case such State

or Secretary shall be considered a State agency for purposes of this Act. The Secretary may issue regulations as he deems necessary or appropriate for the effective and efficient administration of the food stamp program on any Indian reservation requesting such a program."

SEC. 4. Section 15 of the Food Stamp Act of 1964, as amended, is amended to read as follows:

"(a) Each State shall be responsible for financing, from funds available to the State, or political subdivision thereof the costs of carrying out the administrative responsibilities assigned to it under the provisions of this Act.

"(b) The Secretary is authorized to pay to each State agency an amount equal to 62.5 per centum of all such administrative costs including, but not limited to, certification of households; the acceptance, storage, and protection of coupons after their delivery to receiving points within the States; the issuance of such coupons to eligible households; outreach and fair hearing requirements of section 10 of this Act; and the control and accounting of coupons: *Provided*, That, the Secretary is authorized to pay to a tribal government or its agent, under section 4(b), an amount equal to 100 per centum of such administrative costs for that portion attributable to the administration of the food stamp program on any Indian reservation."

SEC. 5. Section 17 of the Food Stamp Act, as amended, is amended by inserting after the words "State of Alaska", the following: "or any Indian reservation".

SEC. 6. The following new section is added at the end of the Food Stamp Act:

"Sec. 18. (a) In the case of any experimental, pilot, or demonstration project which the Secretary specifically determines is likely to promote raising the levels of nutritional adequacy among low-income households and alleviate hunger and malnutrition, the Secretary may waive compliance with any of the requirements of this Act, or regulations promulgated thereunder, to the extent and for the period he finds necessary to carry out such a project.

"(b) The Secretary is authorized to use funds appropriated for this Act to implement any project he established pursuant to subsection (a)."

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SENATE COMMITTEE ON AGRICULTURE AND FORESTRY, STAFF EXPLANATION OF S. 2871 (SUBCOMMITTEE No. 4)

S. 2871 would amend (1) the provisions of law governing the funding of the commodity distribution program, and (2) the Food Stamp Act.

I. THE BILL AMENDS THE PROVISIONS OF LAW GOVERNING THE FUNDING OF THE COMMODITY DISTRIBUTION PROGRAM

The bill would make permanent and mandatory the authority of the Secretary of Agriculture to use funds appropriated under section 32 of the Act of August 24, 1935, to purchase—without regard to other provisions of law—agricultural commodities and the products thereof so as to maintain the traditional level of assistance under the food assistance programs. If the stocks of Commodity Credit Corporation are not available, the Secretary is to use CCC funds to purchase agricultural commodities and the products thereof under section 416 of the Agricultural Act of 1949 to meet the requirements of the food assistance programs.

NOTE.—Under section 4(a) of the Agriculture and Consumer Protection Act of 1973, the Secretary is authorized, until June 30, 1974, to use funds appropriated under section 32 to purchase commodities of the type customarily purchased under section 416 of the Agricultural Act of 1949. The inclusion of section 4(a) in the 1973 Act was necessary in order to continue, until June 30, 1974, the federal food distribution programs during any period when there are no surplus commodities.

II. THE BILL AMENDS THE PROVISIONS OF THE FOOD STAMP ACT

A. The Secretary would be authorized to enter into agreements with any Indian reservation.

Where such an arrangement is in effect, the Indian tribal government would be considered a state for purposes of the Food Stamp Act.

The Indian tribal government would be authorized to enter into an agreement with the state to have the state administer the program, or delegate the administration of the program to the Secretary of the Interior, in which case the state or the Secretary would be considered a state agency for purposes of the Food Stamp Act.

The Secretary would be authorized to pay to an Indian tribal government or its agent one hundred percent of the administration costs attributable to the administration of the Food Stamp Program on any Indian reservation.

As in the case of Alaska under existing law, the bill provides that food stamps issued to Indians could, under certain circumstances, be used for the purchase of hunting and fishing equipment for the procurement of food.

B. The Secretary would be authorized to pay to each state agency (other than an Indian tribal government or its agent) 62.5 percent of *all* administrative costs assigned to such state under the Food Stamp Act including, but not limited to, (1) the certification of households, (2) the acceptance, storage, and protection of coupons after their delivery to receiving points within the state, (3) the issuance of coupons to eligible households, (4) the outreach and fair hearing requirements of the Act, and (5) the control and accounting of coupons.

NOTE.—Under existing law, the Secretary is authorized to pay 62.5 percent of the direct salary, travel, and travel-related costs (including fringe benefits) of personnel involved in (1) certification of households not receiving welfare assistance, (2) outreach, and (3) fair hearings. All other administrative costs are borne by the state and local governments.

C. The bill would add a new section 18 to the Food Stamp Act. Under such section the Secretary would be authorized to waive compliance with any of the requirements of the Act and the regulations issued thereunder in the case of any experimental, pilot, or demonstration project which the Secretary specifically determines is likely to promote raising the levels of nutritional adequacy among low-income households and alleviate hunger and malnutrition.

[S. 3235, 93d Cong. Second sess.]

A BILL To amend the Food Stamp Act of 1964 to provide for the administration of food stamp programs on Indian reservations, and for other purposes

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled*, That this Act may be cited as the "Indian Food Stamp Program Amendments of 1974".

SEC. 2. (a) Subsection (h) of section 3 of the Food Stamp Act of 1964 (7 U.S.C. 2012(h)) is amended by adding at the end thereof a new sentence as follows: "Such term, with respect to any Tribe, means (1) the Secretary of the Interior whenever the Secretary of the Interior has responsibility for administering a food stamp program for such Tribe under an agreement entered into under this Act, (2) the official governing body of any Tribe whenever such Tribe has responsibility for administering its own food stamp program under this Act, or (3) any State whenever such State agrees to accept responsibility for administering a food stamp program for such Tribe within such State under an agreement entered into under this Act."

(b) Section 3 of such Act is further amended by adding at the end thereof the following:

"(o) The term 'Tribe' means any Indian tribe, band, nation or community, including any Alaska native village as defined in the Alaska Native Claims Settlement Act, for which the Federal Government provides special programs because of the tribe, band, nation, or community's identity as Indian.

"(p) The term 'Indian reservation' means any area recognized as such by the Secretary of the Interior."

SEC. 3. (a) Subsection (a) of section 4 of the Food Stamp Act of 1964 (7 U.S.C. 2013(b)) is amended by inserting "or an Indian reservation, as the case may be," immediately after "within the State".

(b) Section 4 of such Act is further amended by redesignating subsections (b) and (c) as subsections (c) and (d), respectively, and by adding after subsection (a) a new subsection (b) as follows:

"(b) (1) Upon request to the Secretary by the appropriate officials of any Tribe, such Tribe is authorized to administer a food stamp program

under this Act on behalf of the eligible households of such Tribe living on an Indian reservation. Such program shall be administered by the Tribe in accordance with regulations issued by the Secretary.

"(2) The Secretary of the Interior or any State is authorized to administer a food stamp program on behalf of any tribe residing on an Indian reservation. Any such program shall be administered in accordance with an agreement entered into between the Tribe and the Secretary of the Interior or the State within which the Indian reservation is located. Where an Indian reservation is located in more than one State an agreement with a State shall pertain only to members of the Tribe residing within the boundaries of such State.

"(3) In accordance with regulations issued under subsection (a) of this section or in accordance with an agreement entered into under subsection (b) of this section, as appropriate, a food stamp program may be administered by a Tribe or by the Secretary of the Interior or a State on behalf of part or all the members of such Tribe eligible to participate in such program."

(c) Subsection (d) of section 4 of such Act, as redesignated by subsection (a) of this section, is amended by adding at the end thereof a new sentence as follows: "No regulation which pertains only to the administration of food stamp programs on Indian reservations may be issued without prior consultation with the Secretary of the Interior and authorized representatives of the Tribes affected."

Sec. 4. Section 15 of the Food Stamp Act of 1964 (7 U.S.C. 2024) is amended by adding at the end thereof a new subsection as follows:

"(c) Notwithstanding any other provisions of this Act, the Secretary shall pay any Tribe administering a food stamp program on any Indian reservation an amount equal to 100 per centum of all expenses incurred by such Tribe attributable to the administration of such program and shall reimburse the Department of the Interior or any State administering a food stamp program on any Indian reservation for all expenses incurred by such Department or State in accordance with any agreement entered into under section 4(b) of this Act."

Sec. 5. Section 17 of the Food Stamp Act of 1964 (7 U.S.C. 2026) is amended by inserting "or on any Indian reservation" immediately after "State of Alaska".

Sec. 6. Section 4(a) of the Agriculture and Consumer Protection Act of 1973 (Public Law 93-86) is amended by adding at the end thereof the following: "The Secretary of Agriculture is authorized until July 1, 1976, to use funds referred to under clauses (1) and (2) of the preceding sentence to continue the commodity distribution program in the case of any Indian tribe receiving commodities under such program on the date of enactment of this sentence or receiving commodities under such program at any time during the six month period immediately preceding the date of enactment of this sentence unless (A) such tribe requests discontinuance of such program prior to such date, or (B) a food stamp program is being carried out on behalf of such tribe. As used in this subsection, the term 'Indian tribe' shall have the same meaning prescribed for the term 'Tribe' in section 3(o) of the Food Stamp Act of 1964."

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#### STATEMENT OF HON. HERMAN E. TALMADGE, A U.S. SENATOR FROM THE STATE OF GEORGIA

The CHAIRMAN. Yesterday the Secretary of Agriculture announced a new beef purchase program in the amount of \$145 million. Certainly, this is timely and appropriate action.

All of us have heard about the disastrous situation now facing the cattle industry. According to the Department of Agriculture cattle feeders are locked into a break-even point of \$50 per hundredweight until August of this year. At the present time feed cattle at Omaha are selling at about \$43 per hundredweight. This means that pro-

ducers are losing \$77 per head on every 1,000-pound steer marketed. Obviously, this is an impossible situation and cannot continue.

Pork producers are also locked into an impossible situation. Their costs have risen substantially, also while their market prices have also declined and are at disastrous levels. Therefore, it is entirely appropriate and eminently fair for the Secretary to begin a pork purchase program immediately.

Such a concerted action would benefit consumers as well, for unless action is taken now to save these industries, our consumers will not only face severe shortages in the future, but higher prices as well.

Today, I wrote the Secretary requesting that he begin a purchase program now for pork as well as beef.

I ask unanimous consent that my letter to the Secretary be placed in the record at this point.

It is also entirely appropriate that this subcommittee, chaired by the distinguished Senator from Alabama, Mr. Allen, begin its hearings on S. 2871 at this time.

Among other features that bill would make permanent the authority of the Secretary of Agriculture to purchase agricultural commodities regardless of the supply situation.

It would also make mandatory that the traditional level of assistance for food assistance programs as authorized by law, including but not limited to school lunch, institutions, supplemental feeding and disaster relief be maintained in the future through such purchases.

The action of the Secretary in moving to purchase beef now for distribution under the programs authorized by law is ample evidence that there is a real and pressing need to extend and amend the existing authority which will expire July 1, 1974, only 3 months away.

I am sure that other Senators have heard, as I have, of the pitiful conditions now existing in the school lunch program. Because of skyrocketing prices of foods, the lunches served our Nation's children have in many instances also increased in price and decreased in quality. School lunch administrators are faced with an impossible burden in meeting Class A lunch standards.

I feel quite certain that were the Secretary to utilize fully the authority he now has to purchase beef, pork, and other foods from section 32 funds, that this difficult school lunch situation would be resolved immediately.

The need for large food purchases by the Federal Government was never more adequately demonstrated than under existing market conditions.

The need to extend the authority as contained in S. 2871 is also evident.

I am hopeful that the subcommittee will move quickly on this bill so that the Secretary will be assured of continued authority to act as he did yesterday in announcing beef purchases and as I hope he will do tomorrow with regard to pork purchases.

[The letter to Secretary Butz, above referred to follows:]

U.S. SENATE,  
COMMITTEE ON AGRICULTURE AND FORESTRY,  
Washington, D.C., March 26, 1974.

HON. EARL L. BUTZ,  
*Secretary,*  
*U.S. Department of Agriculture,*  
*Washington, D.C.*

DEAR MR. SECRETARY: As you know, livestock producers are suffering unprecedented losses because of the price-cost relationship that now exists.

Apparently, the Department of Agriculture has clearly recognized the hardship facing the cattle industry. And I am sure that the Department's announcement today to purchase \$45 million of beef will be gratifying to cattle producers.

But, Mr. Secretary, the hog producers of this Nation are also suffering the same type cost-price squeeze as the cattle industry. They, too, are in the same feed market, and other costs have also increased materially while their prices have declined.

Therefore, I would feel it eminently fair and altogether appropriate that the Department begin purchases of pork as well. This action would also be in the best interest of consumers. I am informed that under existing circumstances, pork producers can no longer continue in business. If we are to assure the consumers of this Nation with a future supply of pork, action must be taken now before the entire industry disintegrates.

Further, our hard-pressed schools can certainly use additional meats in their nutritional programs for our children.

The whole of one Nation will benefit from immediate action by the Department of Agriculture to purchase large quantities of pork for our school lunch program and other commodity distribution programs.

With every good wish, I am  
Sincerely,

HERMAN E. TALMADGE,  
*Chairman.*

**STATEMENT OF HON. HUBERT H. HUMPHREY, A U.S. SENATOR  
FROM THE STATE OF MINNESOTA**

Senator HUMPHREY. Mr. Chairman, I want to express my full support to S. 2871, The Family Nutrition Act of 1974, a bill to amend the Food Stamp Act of 1964. I believe this bill, which I have joined in sponsoring, can help address urgent problems in maintaining our nutrition programs.

S. 2871 would extend, on a permanent basis, the authority of the U.S. Department of Agriculture to purchase commodities on the open market when not in surplus. Failure to extend this authority—which is scheduled to expire on June 30, 1974—would pose serious problems for programs which rely on USDA commodities, such as the school lunch program, institutions, supplemental feeding for women and children, and domestic disaster relief.

This proposed bill will directly address a crucial need of our schools, institutions, mothers and children, and Indian reservations. Phasing out the commodity programs, as desired by the administration, would place a major hardship on those least able to afford it and would represent only a marginal saving to the Federal Government.

The cost to the schools and institutions in picking up these programs would be far greater than that presently borne by the Federal Government under existing statutory law, because of the ability of the USDA to buy in quantity.

It also makes little sense to provide funds to an organization such as the Red Cross to procure and keep commodities on hand for disasters. The USDA has greater purchasing power and should continue to make its commodities available when an emergency strikes.

The administration's opposition to continuing the commodity purchases has been stated numerous times. Secretary Butz has indicated that, in his view, these programs should be transferred to the Department of Health, Education, and Welfare. Assistant Secretary of Agriculture Yeutter, in a January 25, 1974, memo, recommended sharp reductions and "hopefully a phaseout" of all Government purchases.

The Yeutter memo suggests that a USDA preliminary evaluation indicates that benefits to producers from our surplus removal efforts have not been great. There is no hint in the memo, however, as to what would happen to the people under this program. The only concern is how to get out of the commodity purchase and distribution business.

This attitude reflects a near obsession on the part of the administration with turning the Department of Agriculture into an organization concerned only with commercial agriculture. The same attitude is reflected elsewhere in the USDA's determination to fight the establishment of a Government held grain reserve program which would help meet food commodity assistance requirements.

In spite of this attitude and the preference expressed in the Yeutter memorandum to provide funds in lieu of actual commodities, the USDA indicated on February 15, as required by law, that in the current fiscal year it would provide agricultural commodities and other foods exclusively to the States for school service programs.

I suggest that we should not assume that the February 15 announcement represents a change of mind on the part of the Department of Agriculture. Congress must state clearly and without qualification that this is an important program which should not be allowed to die because surplus commodities are no longer available.

The need for a firm congressional stand on this issue becomes all the more essential when we confront facts of declining levels of commodities distributed to the States—the clearest indicator of the actual policy being followed by the Department of Agriculture.

In fiscal 1973, the Department provided \$70.8 million in cash and \$201 million in commodities to the States. The expectation by the USDA for this fiscal year is that 95 percent of the programed \$313 million will be provided entirely in commodities.

However, Minnesota provides a case in point where this expectation is in direct conflict with the record of quantity levels of commodities received.

In fiscal 1972, Minnesota received 27.8 million pounds of commodities worth \$7.6 million, and in fiscal year 1973, the commodities received totaled an estimated 20.5 million pounds worth \$5.5 million plus \$1.7 million provided in cash as a substitute for commodities. In fiscal year 1974, my State expects to receive 20.2 million pounds of food but no cash.

Because of inflation and the policies of the administration, we

will be receiving much less in total than last year. I recommend that USDA review their programming for fiscal year 1974 on a priority basis and take steps to make certain that the total program is not cut below the level of the last fiscal year.

In addition, I believe these reduced food quantities point out the need for an escalator clause directed toward maintaining a relatively constant quantity of commodities, and I urge the committee to consider the need for such a provision.

Two provisions of S. 2871 merit specific commendation. One would improve Federal assistance to the States for the administrative costs of food service programs. A second provision would help Indian tribes on reservations obtain critically needed food assistance.

To encourage the States to administer the programs more efficiently, Federal reimbursement to the States for all administrative costs up to 62½ percent is provided. This will enable the States to do a better job in certifying the eligibility of recipients.

The bill would also adapt the food stamp program to the Indian reservation. Under the current legislation, the Secretary of Agriculture has the authority to implement a food stamp program, at a State's request, in every political subdivision of the State. Because there is legal authority for holding that the reservations are not subdivisions of the State, authority is provided to the USDA under this bill to enter directly into agreements with tribal governments in the administration of the food stamp program. The Federal Government would also pay 100 percent of the administrative costs attributable to the reservations.

The provisions with regard to Indian reservations and tribal governments take cognizance of the legal realities, and they offer several options in terms of establishing sound food stamp programs which are needed.

Mr. Chairman, in addition to my legislative recommendation on maintaining a constant quantity of commodities for distribution, I would suggest one further provision to assist the children of "near-poor" families.

I believe the committee should consider making permanent the action taken last year to extend the income eligibility for the reduced priced lunch program to school children up to 75 percent above the poverty guideline.

We have evidence that increasing numbers of young people are dropping out of the program, and it is believed that many of these fall just above the poverty income guideline. Making this provision permanent will urge more schools to take the necessary steps to initiate the reduced price program and encourage many students to remain in the lunch program who would otherwise drop out.

The committee should also take note of three further problems which this bill does not presently address.

First, the school breakfast and summer feeding program are scheduled to expire on June 30, 1975, and it would be advisable to give early consideration to extending the authorizations for these programs.

Second, a recent survey clearly indicates the need for additional food service equipment. To address this need, I believe the authoriza-

tion level should be increased to \$40 million, rather than permit a reversion to the permanent level of \$20 million.

Third, we need to monitor closely the implementation of the special milk program.

Congress, last fall, changed the eligibility for participation in the special milk program as follows:

Any school or nonprofit child care institution shall receive the special milk program upon their request. Children that qualify for free lunches under guidelines set forth by the Secretary shall also be eligible for free milk.

To date, the USDA has not changed its regulations in any way to reflect this change in the law. I call on the Department to explain why this section has not been implemented, and to set forth a timetable to move ahead on implementation.

In conclusion, Mr. Chairman, I urge that consideration of the Family Nutrition Act of 1974 be expedited and that congressional enactment of this highly important legislation be accomplished without delay.

The school lunch program has already suffered because of rising prices and administration policies. An estimated half million participants have been lost from the school lunch program during the past year. We do not want to see the commodity program phased out with school lunch and the remaining feeding programs moved over to HEW.

Adequate nutrition for our people and especially the children of lower income families remains a priority need, and it is a responsibility that we cannot shirk. This program is a small price to pay to ensure that we meet this responsibility. I strongly recommend favorable action on S. 2871 to extend the commodity distribution program.

[The statement of Senator Symington follows:]

STATEMENT OF HON. STUART SYMINGTON, A U.S. SENATOR FROM THE STATE OF MISSOURI

Mr. Chairman, the Food Program Technical Amendments, S. 2871, is crucial for the continued operation of the National School Lunch and Breakfast Programs in Missouri. I urge the Subcommittee to approve this measure.

Section 1 of this bill would extend the authority of the Secretary of Agriculture to purchase agricultural commodities above parity, when necessary, "to maintain the traditional level of assistance for food assistance programs."

It is our understanding that the Administration has proposed replacing this authority with cash assistance for school districts to purchase their own food for reduced-price lunches and breakfasts.

School food service officials in Missouri, however, have advised us that such a system as proposed by the Administration would seriously threaten their ability to maintain these programs at the present level.

During the school-year 1972-73, almost \$7 million worth of commodities was distributed to 2,789 Missouri schools serving 1,122,632 children, with an additional \$1.7 million distributed in cash to enable districts to purchase commodities necessary to maintain nutritional standards during periods of temporary shortages.

If commodities were not provided to schools participating in the programs, those in rural areas would find it difficult, if not impossible, to buy food in the quantities needed to feed all the children presently enrolled. In addition, because individual school districts have access to far more limited markets than does the Department of Agriculture, experienced observers believe the purchasing price of commodities would increase from the current equivalent of 7 cents a lunch to 10 cents or 11 cents a lunch—or about 50 per cent more than the present cost of commodity procurement.

Finally, S. 2871 would have the added benefit of assuring that the mechanism for distributing commodities is kept in place—an important factor in providing speedy food assistance in the event of a natural disaster such as that which hit Missouri last spring. During the floods in 1973, 115,000 Missourians received commodities worth \$178,000 as part of the disaster relief efforts.

Section 1 of this bill would require no additional appropriation for food assistance and could present a significant increase in the overall cost of these important child nutrition programs. The Congress has consistently demonstrated a commitment to assuring our school children nutritional meals at a reasonable cost. Passage of this legislation will contribute to better nutrition and health for the children of Missouri and the nation.

[The letter from Representative Brademas follows:]

U.S. HOUSE OF REPRESENTATIVES,  
COMMITTEE ON EDUCATION AND LABOR,  
SELECT COMMITTEE ON EDUCATION,  
Washington, D.C. March 19, 1974.

Hon. JAMES B. ALLEN,  
Chairman, Subcommittee on Agricultural Research and General Legislation,  
Washington, D.C.

DEAR MR. CHAIRMAN: I am writing to encourage you to take up the bills before you on the subject of new authority for the commodity purchase program in the Department of Agriculture. I urge upon you this important initiative, for it touches the lives of some of America's most vulnerable groups—children, the elderly, and the institutionalized.

The Select Committee, which I have the honor to chair, finished work last summer on the Older Americans Comprehensive Services Amendments of 1973 (P.L. 93-29), which included authority for the Title VII Nutrition Programs for the Elderly to purchase commodities. I have had encouraging reports as these nutrition projects have started to function last fall, and by spring they will be serving over 200,000 meals per week to minority and low-income senior citizens throughout America.

The commodity program is an important resource for Title VII projects in a number of states, and while these projects are by no means the largest customer of the Department of Agriculture, they are nonetheless deserving of our solicitude as the Federal Government's first effort to meet the nutritional needs of the elderly. The added purchasing power of the Federal program is a significant extension of the limited dollars available.

I understand that the Administration on Aging has been collecting some data on the extent of use of commodities in the Title VII program, which might be a useful piece of data for your record. Perhaps witnesses from that agency, or from nearby state aging agencies might also be able to outline the impact of the end of the commodity program, and the need for reauthorization.

I look forward to seeing the record of your important hearings.

With kindest regards and best wishes,

Sincerely,

JOHN BRADEMAS,  
Chairman, Select Subcommittee on Education.

Senator ALLEN. Senator Huddleston?

STATEMENT OF HON. WALTER D. HUDDLESTON, A U.S. SENATOR  
FROM THE STATE OF KENTUCKY

Senator HUDDLESTON. I commend the chairman of the subcommittee for scheduling these hearings on S. 2871.

S. 2871 contains several provisions of significant interest to my State of Kentucky. One relates to the commodity donation program for schools, day care centers, and certain other institutions, and the other to reimbursement of State administrative expenses for the food stamp program.

The school nutrition programs are tried and proven programs. The

Federal Government first began donating commodities to school lunch programs in 1936 and 10 years later the National School Lunch Act was passed. During the many years since it was established, the lunch program has aided children throughout our land in obtaining nutritious meals and has better enabled them to participate in the educational process.

There is by now an established body of literature to affirm the relationship between good nutrition and good work in school. The hungry child does not learn well. At first, he becomes irritable, restless, and unable to concentrate on his work. Over a prolonged period, he may become listless and unconcerned with his surroundings.

The problem may be only a temporary one for the child who receives proper meals at home but it is a tragic one for children whose school meals are the only nutritious ones available.

Now, there is a new threat to the school lunch program—that is, the future of the donation program. Under existing provisions, school districts receive cash reimbursements for lunches served, a special subsidy for lunches for needy children, and donated commodities. When the United States had an agricultural surplus, the provision of commodities was a simple matter. The donation program provided a worthy means of utilizing the commodities for the benefit of U.S. school children.

As the U.S. agricultural surplus has dwindled, however, the availability of school commodities has also dwindled. In the past, several efforts to make up for this have been undertaken. Some cash payments in lieu of commodities have been made. Under an amendment to last year's Agricultural and Consumer Protection Act, the USDA was authorized to purchase nonsurplus commodities for use in the school donation and other food assistance programs. That authority, however, expires on June 30.

And school districts are rightfully concerned. Last year, in my State, some 95 million school lunches were served. The average cost of the lunches to students was between 45 and 50 cents for the type "A" lunch, which meets the nutritional requirements set out by the Department of Agriculture. About one-third of the lunches served were, however, made available at free, or reduced prices to children from needy families.

To help in providing these lunches, Kentucky received over 14 million pounds in commodities for schools and 1.2 million pounds for institutions. The loss of such foods, especially if there were no reimbursement, would mean a substantial loss to the State. In fact, if commodities are completely removed from the program and there is no cash substitute, it has been estimated that the State would lose \$6 million in support for the nutrition programs.

The bill before us would, however, seek to prevent a loss of such commodities by extending and making permanent the authority of the USDA to purchase nonsurplus commodities for use in school lunch and institutional feeding programs—a move which would provide a new basis of stability to the programs and enable them to cope with the existing situation in which U.S. surplus commodities are in short supply and food prices are up.

The bill before us also seeks to enable the States to better meet their

obligations under the food stamp program. Several years ago the decision was made to phase out the commodity distribution program in which commodities were made available directly to needy persons. This program was to be replaced with the food stamp program, under which needy persons are provided coupons which they redeem at the local grocery store for foods.

Under this program, people have a choice in the foods available, they have access to a greater variety of foods, such as fresh fruits and vegetables, and they utilize the grocery stores as other citizens do. The deadline for eliminating commodity distribution programs and substituting food stamp programs is June 30, 1974. As of that date, we will have a food stamp program operating nationally.

For many of the counties which have just switched programs and for a growing number of counties where problems currently exist, the administrative burden of the program is simply unbearable. Counties cannot, with existing funds, fully guarantee that those who need the program are beneficiaries and that those who are ineligible are not getting a free ride.

Food is basic. In a country as wealthy as ours, nutritional meals should be available to those who cannot, by their best efforts, obtain them. On the other hand, we cannot afford abuses in the program and we should not allow them to exist.

In order for the States and localities to see that those who need the program benefit from it and that those who should not be on it are eliminated, they must have the requisite administrative funds. Under existing law, States are currently reimbursed for 62.5 percent of direct salary, travel and travel-related costs of personnel involved in certification of eligible households, outreach programs, and hearings. Issuance of coupons, maintenance of a central administrative office and other expenses are, however, borne by the States. In effect, the States are funding about 72 percent of administrative costs and the Federal Government about 28 percent. The proposed legislation would raise the Federal contribution to 62.5 percent of all administrative costs, a move which appears necessary if we are to insure that this vast program is administered in the best manner possible.

Senator ALLEN. You may proceed, Mr. Secretary.

**STATEMENT OF HON. CLAYTON K. YEUTTER, ASSISTANT SECRETARY OF AGRICULTURE FOR INTERNATIONAL AFFAIRS AND COMMODITY PROGRAMS, U.S. DEPARTMENT OF AGRICULTURE**

Mr. YEUTTER. Would you prefer I go through my entire statement, Mr. Chairman, or would you prefer that I summarize my presentation?

Senator ALLEN. I believe it would be well to go through the full statement because I believe it has an important bearing on the subject.

Mr. YEUTTER. I will be glad to, if you have the time.

Senator ALLEN. Then if there are questions to be asked, and I am sure there will be, you can add any further comments.

Mr. YEUTTER. To the other members of the subcommittee, I simply say if you would like to interrupt me with questions as I go through my statement, I would be happy to have you do so.

Senator ALLEN. That is fine.

Mr. YEUTTER. Mr. Chairman, we welcome the opportunity to meet with you today to discuss our views relating to S. 2871.

We fully appreciate the concerns that gave rise to the introduction of the proposed legislation. But we are also confident that these concerns can better be dealt with through alternative actions. My testimony today will report to you on some of the alternatives the department is pursuing.

Turning to the commodity provisions first—the proposed amendment would require the department to purchase agricultural commodities to maintain the traditional level of assistance for food assistance programs. Such a requirement would, in our view, unnecessarily delay and restrict the development of other more effective, efficient systems for meeting food assistance needs—systems that are more compatible with present trends in agriculture and food production.

I will add parenthetical comments as we go along, Senator Allen. One of the comments that I would add at this point would simply be that it doesn't seem to me that as a principle of Government we should lock in any program, whether it be commodity procurement or any other kind of governmental program, without consideration of whether or not this is the most efficient way to carry out a service that we offer to the public or to a segment of the public.

It seems to me that that ought to be an open question at all times, and that locking in and making a permanent kind of program, without regard to other, more practical programs, is not sound Government.

Senator MCGOVERN. Mr. Secretary, by that same line of reasoning, isn't it a mistake to lock out any reasonable alternative, too?

Mr. YEUTTER. Surely.

Senator MCGOVERN. Why deny yourself a potential tool, recognizing that there may be a range of programs that would be affected. It seems to me that the thrust of the legislation before us is not to lock you into a program, but to prevent you from being locked out of a useful tool that you may want to use again, and that the market conditions may make it very useful to use as witness your decision on yesterday to go into the market and start purchasing beef.

I think we want to be just as careful about not locking ourselves away from useful tools as we do locking ourselves into programs that are too rigidly constrained.

Mr. YEUTTER. I will go into the surplus removal question a little later, Senator McGovern.

The point I make here is that when one locks in at a specific level, then there is no way to move below that level even if it might be more efficient to do so. I think the point of let's keep as many options open as possible, and I fully concur in that, is important. But when you establish a level as a minimum there is no option to go below that minimum if there is another alternative that might be more efficient.

Traditionally, the term "commodities" has come to mean the surplus foods that farmers could not sell without depressing prices and which were purchased by the Government as part of the price support program, as Senator McGovern mentioned earlier. The Government then disposed of these surpluses through what has come to be known as the Federal-State food distribution program.

We won't get into too much of the history of these programs, Mr. Chairman, because I know how long you have been associated with them, and how well you are acquainted with their history. I am sure you recognize a similarity of circumstances, now—to those that led to the formal establishment of the school lunch program in 1946.

Until that time, the support that Government had given to school lunches was mainly in the form of commodities—the commodities that had been acquired in the efforts to deal with surpluses. But that kind of support ran thin especially during World War II and its aftermath, when we had tremendous food obligations literally around the world.

That situation led, at that time, to the introduction of cash payments into the Government's support structure for school lunches. And now, we are facing a similar situation. We think the solution that was found—to supply cash, in lieu of commodities—is sound and useful, now, as it was then.

In the intervening years, as food surpluses mounted, we actively sought new outlets for them. This was before I came into the Government, but it has been continuing for a long period of time. The list of surplus food users gradually broadened to include not only school and needy families but numerous other special categories including summer camps and recreation programs, day care centers, hospitals, homes for the aged and other charitable institutions, disaster relief agencies, and more recently, Meals on Wheels, and group dining programs for the elderly, along with supplemental food programs for mothers and infants.

Senator ALLEN. Was part of the theory at that time to reduce surpluses rather than to put them to good use? They weigh about the same, possibly.

Mr. YEUTTER. In those days, I would suppose that most people would say it was more to use up surpluses. The program really was not viewed as a supply program for school lunches over needy families. It was looked upon as a way to distribute these excess commodities in some manner. Then as time passed, the quantities became larger and larger, and the necessity to use commodities from some source became greater and greater as these programs expanded.

They gradually shifted to become more of a supply program than a surplus removal program, even though the surpluses continued to go on up in volumes and amounts.

Now, what was once referred to as the "Farm Problem" has completely turned around, with the significant changes we have experienced over the past 18 months in the worldwide supply-demand situation for agricultural products. Backed by the enactment of progressive farm legislation in 1970, and again in 1973, farmers are responding to the growing market demand for food with all-out production of crops. We will have the greatest production of crops in all our history in 1974.

The changing farm situation has obviously had a major impact on the need to support farm prices through the purchase of commodities and, hence, on the amount of federally held food.

Today, and perhaps this is the most important point of all in terms of our belief that the existing Federal commodity procurement pro-

gram should be phased out—the Federal Government simply does not have access to large surpluses of food at bargain rates, as we did in the past. In fact, our efforts to purchase food, even at market levels, are facing stiff competition.

As a result, there are times that the USDA receives no bids at all on its offers to buy. In the face of this reality, it does not seem to make sense for USDA to compete in the marketplace and then transfer the products to the final users as opposed to providing cash to the users so that they can do their own procurement.

Senator CURTIS. Has any work ever been done on comparative costs, the overhead, the administrative cost between sending a school authority a check or buying these commodities and transporting them and making them available?

Mr. YEUTTER. We are convinced, Senator Curtis, looking at it in the aggregate, meaning nationwide, that we can provide more nutrition for the money by providing cash to the State and local units of government, in this case schools, basically, than we can by providing the commodities today or at any time in the foreseeable future. I would like to expand on that, if I may.

The first point I just mentioned is the point about not being able to buy now at bargain basement prices as we could 2 or 3 years ago. When one stops to think about the way our free enterprise system works in this country it becomes understandable. It is the processor of food who ordinarily would provide these commodities for us to then distribute down to a local school or needy family program who says, if he has a shortage of raw materials to process, "I am going to take care of my commercial customers first. They are going to be here year after year after year. They are my bread and butter. If I am providing products to sell on the market I want to keep those commercial customers satisfied."

The government is second priority, whether it is the Federal Government in this case or any other governmental entity. We are second priority. That is perfectly understandable. In essence, they say, in a time of shortage, "We will be glad to bid on your contracts if we have the raw material to do so. But if we are short we are going to take care of our commercial customers first and you second."

Therefore, it we have excess supplies, excess raw materials as we did 5 years ago, vendors say: "We will give you a good price because you will buy in quantity from us. But if we are short on raw materials we are not going to give you a bargain price. There is no reason for us to give you a bargain price."

That is precisely what happened. As I indicated, we have had some instances during the past year when we had no bidders whatsoever. They just said, "We want to use all our product for commercial customers. We are not going to sell you anything at any price."

Under those circumstances, Senator Curtis, there just is no dollar benefit to the recipient agencies in having the Federal Government in this business.

Senator CURTIS. When the Federal Government does buy, you have to have some personnel assigned to that purchasing.

Mr. YEUTTER. Yes.

Senator CURTIS. Do you have to provide warehousing or storage?

Mr. YEUTTER. Someone has to, yes. Whether we do it or the States do it, is a question, but someone must provide it.

Senator CURTIS. How about the transportation?

Mr. YEUTTER. Yes, obviously.

Senator CURTIS. With the perishables it is a rather close check on the inventory, is it not?

Mr. YEUTTER. Absolutely.

Senator CURTIS. Considerable of those items come out of the Federal end of it; do they not?

Mr. YEUTTER. Yes, they do, Senator Curtis. This relates, of course, to the decision in the farm bill last summer to phase out the needy family program, which I think was a sound decision. Senator McGovern alluded to that earlier. At the time we had a commodity distribution program going for needy families, Senator Curtis, the overhead you are talking about here was, in essence, divided among the needy family program on the one side and the school lunch program on the other side, with a little going to the smaller supplemental programs.

With the needy family program phasing out of existence, for all practical purposes all of the overhead now goes on the school lunch program. This, in essence, adds to the Federal price on the commodities provided for school lunches.

Senator CURTIS. There is another factor that is of concern to this committee, and that is the overall budget for agriculture. At the present time, what percentage of the budget for the Department of Agriculture is for welfare and what percentage is for agriculture?

Mr. YEUTTER. Just in the food programs alone, Senator Curtis, which would be the operational food and nutrition service, it is about 64 percent of the USDA budget. One could add meat inspection and other consumer services.

Senator CURTIS. I didn't mean consumer services. I mean welfare.

Mr. YEUTTER. It depends on how we will define welfare. If one considers child nutrition, food stamp, needy food programs, and the others to be welfare, then it is about 64 percent of the USDA budget.

Senator CURTIS. I have one more question and then I will let you go on.

Without the passage of this bill that the committee will be considering in the next several days, is it possible to do such things as announced yesterday in the case of beef, where the commodity involved was below parity?

Mr. YEUTTER. No, sir; it is not. The beef purchase yesterday was done under existing section 32 authority. It would not have to.

The purchase would not have to be made under the broadened purchase authority. I would like to add, Senator Curtis, that, as Senator McGovern indicated, I indicated the need for broadened purchase authority last summer. We did have a need. We advocated the 1-year extension that was provided in this so-called broadened purchase authority, and it was useful to us during that past year.

I am glad we had that purchase authority over the last 12 months. I hope we will not need it as we go on into the future.

Personally, Senator McGovern and Senator Curtis. I would not object to a temporary extension of that broadened authority for the

immediate future while we phaseout the remainder of the needy family program. but in my judgment that should not be a permanent authority because I feel very strongly that a phaseout over the next 15 months to a cash program would be a much superior way to handle the matter. If we do move into an all-cash program, that authority would be an irrelevant thing.

On the other hand, Senator Curtis, this does not mean that we should do away with the surplus removal authority. Senator McGovern mentioned the purchase yesterday, and you did also, for \$45 million in beef. We need to maintain a standby authority to deal with the surplus removal problem. That is an entirely different matter. I would be strongly opposed to doing anything which would in any way diminish our capability to respond to that kind of need.

The beef situation is a paradoxical one at present, as you know, caused by a lot of factors, including some attributable to actions of government over the last year or so. But all of that aside, we do need to respond to these kinds of needs when they exist, whatever the case may be, and should be able to do so.

But section 32 authority, surplus removal authority, can be exercised by buying commodities, as has traditionally been the case, Senator Curtis, but it can also be exercised by using a voucher system, too. Our proposal would be that, as we phase into an all-cash program, we deal with the surplus removal problem by the use of vouchers rather than by putting the Government back in the commodity procurement business.

To give you an example, Senator Curtis, if we have a surplus of pears 3 years down the road or 4 years down the road, and we do not have the commodity procurement program in existence, as I hope we will not, we could, instead of issuing all cash or providing all cash to the schools, as we would do under a cash program, take a part of that cash and reserve it for the use of vouchers rather than cash.

In other words, distribute to and among the schools the vouchers for the purchase of pears. One could respond to a surplus removal problem in pears in that manner just as easily as by cranking up a purchase and distribution mechanism. In fact, in my judgment, it would be done much more feasibly. That would be the alternative there, Senator Curtis, to be able to continue to respond to the surplus removal needs but not maintain this mechanism in place which is costing the Federal taxpayer a considerable sum of money in terms of the overhead that is attributable to the program. I would rather pass that overhead down to the school districts in the form of increased cash and have the make their own purchases than to maintain in place a purchase and distribution mechanism that I feel has outlived its usefulness.

Senator McGOVERN. Would you yield, Senator Curtis?

Senator CURTIS. I am through.

Senator McGOVERN. Since we have gotten into this matter of cost, Secretary Yeutter, I would like to ask you some questions on that point.

It seems to me it is there where many of our local school districts have their greatest anxiety about the phaseout of the commodity

program. Doesn't the Department of Agriculture have certain built-in advantages in the purchasing and the quality maintenance, the evaluation of foods that an ordinary school district doesn't have? I am not talking about a big system like Chicago or New York, but the hundreds of small schools out across the country that presumably use foods in fairly small quantities.

How can they match the expertise of the Department of Agriculture in knowing when to buy, when to get the best purchases, when to get the money? We have numerous letters in the files in the Select Committee on Nutrition from schools all over the country saying that if they lose the equivalent of 7 cents in commodities and that has to be replaced in cash with them doing the purchasing, the evaluation and quality maintenance, they will have to have 12 to 15 cents to make the equivalent purchases. What is your answer to that?

Mr. YEUTTER. We have received those same kinds of letters, Senator McGovern, as I am sure you would anticipate. My answer to that is, first of all, I do not believe in today's times that is an accurate comparison. There is a real temptation, of course, to compare the price that we get on a bid with the price that somebody pays out in a school district somewhere and say: "Gee, you paid  $x$  number of cents per pound for hot dogs and we had to go down and buy them last week and we paid such and such, which was far more than what you paid."

First of all we have to make sure it is not an apples and oranges comparison as it often is, because obviously our bid price doesn't include all the overhead that is involved. But once you get to the point where you compare apples and apples, I am convinced that nationwide that difference is today negligible, and in essence nonexistent.

Senator MCGOVERN. Can I stop you at that point?

You mentioned hot dogs. This is a remarkable coincidence. We asked the Department of Agriculture to supply us with hot dogs that you were purchasing for the school lunch programs. They said that the cost to the department is about 80 cents a pound and that they were the highest quality hot dogs ever devised, great quantities of meat.

Mr. YEUTTER. I hope the kids agree with that.

Senator MCGOVERN. I have tasted them and they are better than the ones we get. Yesterday in the stores here in Washington, the large supermarkets, the price of hotdogs that may be of lesser quality were \$1.09 a pound. That is a 29-cent-a-pound difference. The school district that is operating on a limited budget, what are they going to do with that situation?

That is not a comparison of apples and oranges. That is comparing hotdogs to hotdogs. We come out with a 29-cent difference. I even have some with me if anyone wants to try the difference.

Mr. YEUTTER. I think the answer to that, Senator McGovern, would be you can start with that kind of differential, and you have to bring them together from both ends to make the comparison fair. The answer is those two cost items first underestimate the cost to us because that price does not include any of the overhead, so our cost must come up to whatever the overhead amounts to, and this price, which is a retail price, must come down to reflect what the State or local school district would pay in the quantities that they would buy.

They are obviously going to get a better price than you get at the local supermarket. How much better is going to depend on the size of the school district and how many wholesalers are in that market and how competitive they are, and all of those things. But nationwide, and you really have to look at all of this in the aggregate rather than for an individual school district, that retail price is going to come down and our price is going to go up.

As I said, I am convinced that when you make those adjustments, Senator McGovern, you come out to essentially a washout. In terms of quality that point has also been raised by many people, as you suggested, how are we going to be assured that we will get the quality product like we provide in hotdogs, for example. I have two or three reactions to that, Senator McGovern.

First, I am convinced that we have a pretty darn good commercial food processing and distribution system to begin with. In other words, I am not convinced that we have poor quality products going through commercial outlets. I think they are good quality. Maybe we do better in terms of quality of hotdogs because we are more precise in controlling the fat content, perhaps specifying a lower fat content, and so on.

But I am convinced that the products that any school district around the country would buy from their wholesalers or distributors will be good quality products. It is predictable they will be good quality products if they are federally inspected. We are rather confident in that regard. To the extent they would like to do more in that respect, I think we can help them, even if we are not in the Federal procurement business.

We would be more than happy to try to help them in the specifications that might be developed and in any other way that would be useful to them. That is not easy to do, of course, if you are talking about dealing with thousands of school districts around the country, but certainly we could help their State people and, in turn, it could be funneled out to the local areas.

I just don't look upon that as being a major problem or a major concern at all. In fact, to the extent that a shift to a cash program, Senator McGovern, would broaden processing and distribution opportunities in the commercial system, everybody would benefit, including the mothers and fathers and grandmothers and grandfathers because with a cash system one would expect many more companies to get in on the act, to get a part of this business of selling to schools around the country, whereas, with a Federal system there are relatively small numbers of firms that bid on our contracts.

There would be a lot more bidding if it was done at the State and local level. If their business goes up and they become strengthened as processors and distributors, they will do a better job serving the general public as well as serving those local school districts. But we are willing to help, Senator McGovern, in terms of quality considerations.

Senator ALLEN. I have not given Senator Bellmon, Senator Clark, and Senator Huddleston an opportunity to make a statement or to insert a statement.

Senator BELLMON. Mr. Chairman, I have no statement.

Senator CLARK. I have no statement, Mr. Chairman.

Senator ALLEN. Mr. Secretary, in the interest of time, would it be too much of an imposition on you to ask that you conclude your testimony in another 5 minutes?

Mr. YEUTTER. Surely.

Senator ALLEN. May I ask also that the Senators limit themselves to 5 minutes for questioning. If they question during the testimony, the time used will be charged against their 5 minutes.

In the interest of time, please conclude rather quickly.

Mr. YEUTTER. One final followup to your question, Senator McGovern, with respect to the concern of local districts about food quality and so on, is that we need to recognize that State and local schools are now buying about 80 percent of all the food that goes into those school lunch programs. What we are really dealing with here is the other 20 percent. I hope they don't have major quality problems with the 80 percent that they are now buying.

As I said, if they do, we are willing to try to help on that 80 percent as well as the 20 percent that we provide. I really feel that schools are getting good quality food products at the moment.

I will paraphrase, Mr. Chairman, the remainder of this.

The most important point, it seems to me, Mr. Chairman, and Senator McGovern, and the other members of the subcommittee, is to provide assurance to the people who are recipients of these programs that as we move into a phaseout into a cash program as we plan, that the cash will really be there. I have talked, Mr. Chairman, with many people in the school lunch programs around the country in the last 2 or 3 weeks, many of whom will testify before you today.

Generally speaking, the reaction is: "Privately we would say to you we would really rather have cash than commodities because if we have the cash we will provide whatever we wish and we can purchase a wider variety of foods than those you provide for us. We are not elated about the lack of variety that we get from the Federal Government. Our concern is that the commodities may be phased out and not be replaced by cash."

In other words, a bird in the hand is better than two in the bush. "We would much rather continue the present commodity program than to take a chance on the unknown with respect to cash."

I suppose perhaps the major point I can make this morning relates to our commitment to provide the cash as a substitute for the commodities. Of course, none of us can speak for the appropriation committees in the Congress, but I can speak for the administration and I would like to say here and now that we are prepared to commit in a cash distribution program beginning in fiscal year 1976—which is what we have in mind here, to phase out through fiscal year 1975—from an administration standpoint the full amount of cash that we have been providing for schools in this program and, for that matter, any of the other programs that are relevant here, plus all of the additional savings that can result from elimination of the Federal overhead in these programs.

We have been providing 7 cents per lunch in commodities and we would provide 7 cents plus, whatever that "plus" ultimately turns out to be. I think it will be a rather significant sum. We would provide that in terms of cash.

My statement indicates along with that that we are prepared to have the principle of performance and funding applied to this commitment as it does to our other cash commitments in this program. If at all possible, we are prepared to provide those funds without a matching requirement by the States.

That is somewhat of a trouble, something under section 4, in the law today. We are prepared to do it in a way that would give the States flexibility in handling their cash distribution. In other words, if any of the States would like to operate a commodity procurement program on their own, more power to them. We would provide the cash and they can purchase commodities at the State level if they wish.

If they wish to simply funnel the cash on down to the local school districts, that would be their prerogative, too. If some wish to join together in an interstate commodity procurement program, if they feel that would be advantageous, we would be prepared to deal with it on that basis.

We would like to build in as much flexibility as possible. We would like to also maintain the integrity of the program by guaranteeing that this cash would be used for school lunches and not to buy band uniforms or something else. We are prepared, Mr. Chairman, and Senator McGovern, to specify all of this and lay it out in legislation. We are working on that right now and we are prepared to come before you, Senator Allen, and others in Congress, with a specific proposal on this point at a very early date.

We expect to have a study on a voucher alternative insofar as surplus removal is concerned. I have no doubts about the feasibility of this. We are in essence using vouchers in food stamps now, although they are not foods specific. They can be used for other kinds of foods. We are using vouchers in the so-called WIC program for women, infants, and children. I know it would not be difficult to provide a voucher system that would work effectively in surplus removal situations. We do need to deal with the question of disaster relief.

Senator McGovern, you have raised that question on a number of occasions in the last 2 or 3 weeks. It is an important concern. The Federal Government, in both the legislative branch, the Congress, and the administration, have a responsibility, in my judgment, to respond to that potential need. We have to do so. We don't have the commodities stockpiled in needy family warehouses as we did in previous years.

Our basic supply from the Federal standpoint now is the school lunch programs. To the extent that that needs to be amplified by set arrangements to call upon a commercial system to respond immediately to a disaster situation, we need to get those kinds of arrangements worked out and get them properly organized.

Our people have had a series of meetings with the Federal Disaster Administration on this point, and I would anticipate some legislation coming to the Congress very quickly from the administration in that area as well.

I should turn to the food stamp items in the bill for just a minute, Mr. Chairman. In a nutshell, Mr. Chairman, we are generally opposed to the food stamp items. We could go into more detail if we had the

time. I have enunciated the detailed concerns that we have in my statement.

Backing up for just a moment, we recognize, too, Senator McGovern, some of the concerns that enunciated the proposal in this area. We believe, however, that by and large nearly all of those concerns have now been eliminated in terms of how food stamps would be handled by the States around the Nation. I think much of the problem that led to the specific provisions in your bill has now been dissipated.

If need be, Senator McGovern, we would be glad to follow up with specifics on this. By and large we have moved to a situation where in about all States except for a specific problem in North Dakota, the States are moving to handle the food stamp program on Indian reservations and they have worked out a good relationship with the tribal councils to participate and help out in the distribution of food stamps and the requirements for eligibility and so on, on those reservations.

That is not an easy problem, but by and large, by some good cooperation by the tribal councils and by our regional Food and Nutrition Service people, and by State governments, these particular problems have been worked out. We would like not, Senator McGovern, to have a situation in any State if we can avoid it of having two administrative systems dealing with food stamps, meaning a system that might come through the Bureau of Indian Affairs down through the tribal councils and to those residents and another system coming through the State government.

We feel that would be tremendous confusion and it would increase greatly the risk of program abuses. If the whole program within the State is under the basic jurisdiction of State government, we eliminate a great deal of the risk in that regard.

Beyond that, we just feel that State governments ought to take care of all their residents in food stamp programs or any other related programs, including Indians, and not just say: "We will take care of everybody but the Indians and let the Federal Government take care of the Indians."

We think that is discriminatory and the States should accept their responsibilities and handle these kinds of Federal programs on the Indian reservations just as they do anywhere else. The States have some misgivings about this from a dollar standpoint. They say: "But we are not getting any tax revenue from those reservations. Why should we provide any kind of services there if they are not providing any tax revenue to us?"

My answer to that is for the simple reason that they are citizens of this country and residents of the State. We ought not grant or withhold programs on the basis of who does or does not provide us with tax revenues.

In terms of the increase in administrative cost in the food stamp program, Mr. Chairman, we believe the present provisions for a 62.5 percent Federal contribution on certain administrative items is sound and that we ought not extend beyond that point.

If we begin to increase the administrative contribution of the Federal Government much beyond where we are today, we provide a disincentive for efficiency of operations at the State level. I fully agree

that the States are carrying out some Federal responsibility here and that there should be a Federal contribution to offset some of the cost of the functions that are being performed on behalf of the Federal Government. But we ought not increase this to the point where it becomes a disincentive to administrative efficiency.

I may have missed some of the points I should have covered, Mr. Chairman, but I believe that is essentially my statement on the items.

Senator ALLEN. Secretary Yeutter, I want to commend you on your added responsibilities and assignment at the Department, and to commend you for your ability, expertise, dedication, and knowledge in your role as Assistant Secretary of Agriculture. You always come up with the facts and lay them on the table with your recommendations. You always make a very important contribution to the committee's deliberations. Certainly today has not been a departure from that policy.

One question occurs to me: Would the shift over to cash in lieu of commodities facilitate the possible changeover from the carrying out of these responsibilities from the Department of Agriculture to the Department of HEW as recommended by the President in one of his reorganization plans?

Mr. YEUTTER. To some degree it would, Senator Allen, although to clarify that point I would hope that we would maintain the section 32, surplus removal authorities within the Department of Agriculture and not transfer those authorities. That would mean if a commodity procurement program were to continue and all these programs were placed within the Department of Health, Education, and Welfare, coordination would be more difficult with the purchasing being done in USDA and distribution being done in the Department of Health, Education, and Welfare, whereas if there were a cash program that coordination would be much simpler.

Obviously, it would simply be a transfer of dollars and that is a lot easier to handle under cash than it is under commodities. Even under a cash system we would want to retain the authority and the right to respond to surplus removal problems within the Department of Agriculture. We do not believe that that function ought to be transferred to the Department of HEW.

Senator ALLEN. Under the President's reorganization plan would it be transferred?

Mr. YEUTTER. No. To the best of my knowledge we are still developing the legislation that will be proposed on the transfer issue, so that is not yet finalized. To the best of my knowledge, those authorities in section 32, section 6, and section 416, would all be retained within the Department of Agriculture. Certainly, a cash system would be preferable to a commodity system if that turns out to be the case.

Senator ALLEN. I believe, and I feel the members of the committee and the Congress believe, that the Department of Agriculture is doing an excellent job in this area. Speaking for myself, I would hate to see this responsibility transferred from the Department of Agriculture. I would like to inquire about the success you have had in assembling commodities for distribution, in the current fiscal year as well as the long-range plans for the coming fiscal year. What success have you had in these areas?

Mr. YEUTTER. Taking the current fiscal year first, Mr. Chairman, we have had reasonably good success, at least in terms of quantities and dollars expended, due primarily to the section 4(a) authority which permitted us to buy at market rather than having to buy under surplus removal authority only. Had we not had the additional authority we would have had a difficult time.

Even with the broadened authority under section 4, as I indicated earlier, we had some extreme difficulties in certain cases. It does little good to have the authority if nobody will bid on your contracts. So, authority or no authority, we had some instances where we could get nobody induced to bid. That means in terms of variety we did not do especially well this past fiscal year.

We got the dollar value out and we got the 7 cent commission as part of that dollar value out, but we weren't able to provide schools the kind of variety that we needed, even that we would have liked to have provided, even with the broadened authority. The same thing applied to the needy family program.

Moving into the coming fiscal year, we have a little different situation in that the needy family program is phasing out, as you know.

Senator ALLEN. Are you anticipating an extension of that authority?

Mr. YEUTTER. Do you mean extension of the purchase authority?

Senator ALLEN. Yes. Are you planning for an anticipated extension?

Mr. YEUTTER. At the moment we are making plans in anticipation that that authority will expire on June 30. The question then becomes whether we can effectively meet the remaining needs of the needy family program in the absence of that authority. The question comes as to how to respond to the school needs in the absence of that authority. With respect to schools it is a different concern in that, as you know, the legislation applicable to distribution to schools provides that if we are unable to provide commodities that are budgeted, we simply provide the cash later in the year and the schools can then expend the cash.

In terms of total dollars, irrespective of whether or not this broadened authority is extended, the schools get the total dollar commitment to which they are entitled. That provision does not apply to the needy families. There is no way to cash out needy families. So, we have an obligation during the final few moments of the needy family program to make sure that we provide a nutritionally adequate variety of foods. This will be primarily Puerto Rico, which is going to gradually phase into food stamps for needy families, and a few other areas within the continental United States, but very, very few.

Because there is such a small need for commodities in the needy family program, even in the absence of the broadened authority we will probably be able to come through all right, particularly if we buy some items for these programs before the expiration of this fiscal year and then can carry some of them on into the next fiscal year. These programs are getting much, much smaller. The needs are not as great. We may have some trouble on variety.

Senator ALLEN. Thank you, Mr. Secretary. My time has expired. As a matter of fact, it expired while you were answering the question.

Mr. YEUTTER. I apologize for the verbosity.

Senator ALLEN. We will use the rule that if a question has been asked within the 5-minute limit, the answer will be permitted.

Mr. YEUTTER. I will try to speed up the answer, Mr. Chairman.

Senator ALLEN. Senator McGovern?

Senator MCGOVERN. I have already taken some time when I interrupted, Mr. Chairman. I take it the rule doesn't begin until now?

Senator ALLEN. That is right.

Senator MCGOVERN. Mr. Secretary, I want to join with the chairman in commending you on your new responsibilities. Any differences we have over this principle has nothing to do with the regard that I have for you personally. I am very glad you are in the Department of Agriculture.

On the matter of the commitment in cash that you say you are willing to make, or the department is willing to make, in lieu of commodities, I thought the chairman touched on a very important matter, maybe by implication, that there is something about moving from a commodity program into a cash program or a voucher system which suggests more of a welfare program. Maybe this is a semantic problem, but it has been my observation around here for many years that it is more acceptable to the Congress and the public to assist the people on food and on nutrition, to provide commodities that are seen also as a means of stabilizing our agricultural economy, that we do better with programs of that kind than we do cash grants.

In fact, I can tell you from experience that offering cash grants can be a political disaster. We are really talking here not only about substance but about strategy. Maybe this is not a proper arena to talk about that, but I am worried about what happens to these programs that depended on commodities over the years once we get to the point where the debate then becomes not whether we are going to have commodities but how much money Congress is going to appropriate and how much money the Budget Bureau is going to request, or how much they are going to impound.

I worry about this whole transfer from commodities too, because of that built-in resistance to cash payments.

Mr. YEUTTER. I think that is a legitimate quasipolitical question, Senator McGovern. My answer to that would simply be I think all of us, in the Congress and in the administration, ought to have as our objective, as I indicated earlier, a maximum of nutrition and a minimum of dollars. If we can do a better job with cash than commodities, then we ought to have a cash system.

If we can do the better with commodities, then we ought to have a commodity system. I think we ought to look beyond the political considerations and try to do what is best for the recipients.

Senator MCGOVERN. I think on that point a number of people who have been working in the field a long time have a very sharp disagreement with you, as to whether you are going to get the same amount of food if you give these school districts cash and give other programs cash, as they get through the commodities because of the reasons I outlined a while ago. You are from the State of Nebraska. Is that correct?

Mr. YEUTTER. That is right.

Senator McGOVERN. The Department of Public Welfare director of Nebraska wrote on February 28:

There are those who believe cash rather than donated food is the most desirable, but in the long run is this a better choice for the School Lunch Program and the children that it feeds? During a time of inflation, the cash that would be received just does not go as far as we would like, as was demonstrated last year when money was received in place of donated food.

And then this important statement:

It has been estimated that the seven cents per meal now received in donated food would only purchase two cents worth of food if purchased by local school districts. The U.S. Department of Agriculture has a buying power that can not be achieved by these individual schools or even the individual states.

The president of the Red Cross testified recently and said:

If the Red Cross had purchased those same commodities meaning the ones they got from you, on the open market, the cost of Red Cross would have been at least twice what it cost the Federal Government to acquire the commodities in question.

I realize this is a matter of a difference of opinion, but when a man like the president of the Red Cross and the State public welfare director of Nebraska, and others, testified that they are going to lose if this commodity program is phased out and that they are not going to get the equivalent in cash, that worries me.

Mr. YEUTTER. I have seen similar letters, Senator McGovern. I would suggest to you and to the other members of the subcommittee that you challenge those who write in that vein to provide the figures to support their claims. They are just not accurate if the same cost items are compared in both cases.

Senator McGOVERN. I say in all sincerity that that is simply not true. Those kinds of comparisons are absolutely invalid.

We discussed this earlier, so we are being a little bit repetitious. The point still remains that purchases at the local level will not be made on the "open market." They are going to be made from wholesalers and distributors, so we shouldn't compare the cost at retail with the cost to the Federal Government.

The bid prices to the Federal Government do not include all the overhead that goes into these prices. When one brings them together, I am convinced that they will come together. I think it is a legitimate question but I don't think those people ought to make those kinds of statements unless they can support them and I don't think they can support them.

Senator ALLEN. Senator Bellmon?

Senator BELLMON. Mr. Secretary, I remember very vividly some of the hearings before Senator McGovern's Committee on Nutrition and Human Needs and the criticism leveled by some of our witnesses against the quality of foods that USDA provided at that time.

Mr. YEUTTER. We are hearing just the opposite today.

Senator BELLMON. That is what is kind of surprising. We had witnesses that brought in rusty, leaky tin cans and moldy cheese and made it appear that this was the kind of food that the USDA was putting out. Would this be a problem if you undertook another large-scale commodity distribution program?

Mr. YEUTTER. Senator Bellmon, I would like to say that I think that question was sensationalized at that time. In my judgment,

USDA has been providing quality foods all along. The quality has been getting better as time has passed. It is improved, to at least some degree, today over what it was 5 or 10 years ago. I would never be convinced that the quality of the food has been inadequate at any time in this program.

As I indicated to Senator McGovern earlier, and I say again to you, Senator Bellmon, I think the quality is good on the commercial market, too. I think irrespective of whether the schools obtain it from commercial sources as they do now for 80 percent of their supply, or obtain it from us as they do now for 20 percent of their supply, those kinds, by and large, in 99.9 percent of the cases, are going to be quality food.

Senator BELLMON. Would it mean establishing a USDA warehouse system in every State? I am not quite clear how we do this. Formerly, as I understood it, much of the commodities were being warehoused by county commissioners. In our State they were providing the warehousing and refrigeration. How would you go about this?

Mr. YEUTTER. There are various arrangements and it varies from State to State. Many States have warehousing facilities and many local units, local schools, have warehousing. Obviously, local schools would continue to maintain their warehousing because that is the user point and they will always have to have them.

Senator BELLMON. But they would have to be delivered there?

Mr. YEUTTER. That is right. If a State decided to simply pass the cash all the way down to the local school district, then the existing warehousing that is maintained by the State could be eliminated. That is a cost over and above the Federal overhead that could likewise be eliminated if we went to a cash system. If, on the other hand, the State decided that it wanted to maintain its own procurement program for the local school district, then obviously it would have to maintain its warehousing or else provide for distribution directly to those local school districts.

I guess the summary answer to your question, Senator Bellmon, is if we move to a cash system we should be able to achieve some savings in warehousing and transportation costs, rather substantial savings in warehousing and transportation costs, nationwide.

Senator BELLMON. What we are talking about here is a second, almost independent, food distribution system. There is no thought that the Government is going to take over the grocery stores, as far as I know.

Mr. YEUTTER. No, sir.

Senator BELLMON. So everyone will be getting their food out of that kind of a distribution system.

Mr. YEUTTER. Yes, sir, the commercial system.

Senator BELLMON. If the Government took over the grocery stores, could they do it cheaper, 29 cents a pound for hot dogs, do you suppose?

Mr. YEUTTER. In my judgment, Senator Bellmon, there would be no chance that the Government could do it cheaper. In my judgment, costs would clearly rise if the Government took over the grocery stores.

Senator BELLMON. Mr. Chairman, that is all I had.

Senator ALLEN. Senator Clark?

Senator CLARK. Senator Huddleston is ahead of me.

Senator ALLEN. Senator Huddleston?

Senator HUDDLESTON. Thank you, Mr. Chairman.

I share some of the same concern that Senator McGovern has expressed over going to a strictly cash program. We do have a good deal of information from people who are operating the feeding programs now, even though 80 percent of foods are now obtained with cash, they still seem to favor the commodity approach. I think it is a little difficult for us to just dismiss that out of hand and say they really don't know what they are talking about, that they ought to have money, instead of commodities.

Mr. YEUTTER. As I said, Senator Huddleston, much of that is information about the unknown.

Senator HUDDLESTON. They are already obtaining 80 percent in cash so they must know something.

Mr. YEUTTER. It is information that the Federal system will disappear and that they will not get cash to replace the commodities. I hope we can provide some reassurance to them on that point.

Senator HUDDLESTON. On the other hand, I think it does impose on a school district a responsibility. While many school districts do have the expertise and purchasing knowledge, do have the available storage, I am sure there are many school districts in the rural areas of the State that don't have the expertise, don't have an available supply near to them, and they may not get their money's worth to the extent they would if the Agriculture Department was sending commodities. This might be a consideration that ought to be taken into account.

Mr. YEUTTER. I think it is a consideration, Senator Huddleston, except that one of the offsetting considerations that we ought always to keep in mind is the fact that we would like to have the commercial businesses in those rural areas do well, too. To the extent that the Federal Government is buying food and distributing down into those rural areas we are competing, in essence, with those local processors and distributors, too. We are taking away some business they might otherwise have.

Senator HUDDLESTON. I recognize that, but I still think the main objective has to be the school children or person receiving the food.

Mr. YEUTTER. I agree.

Senator HUDDLESTON. You desire to continue the authority for the surplus removal purchases. When these become necessary, if they do, is it anticipated that they will be worked into this system?

Mr. YEUTTER. Yes, sir, just as they have been in the past.

Senator HUDDLESTON. Will this cause any problem to the local school district, who by then should be accustomed to receiving cash and expecting to get monthly cash payments, to find out perhaps midway through a school year that USDA has a surplus and you are going to switch from cash to commodities. Perhaps they have already made purchase contracts.

Mr. YEUTTER. We would provide not for the distribution of commodities because that would require the reestablishment of the whole system again at a great cost. We would assume that we at that point would use a voucher system which would call for the purchase of a specific food.

Senator HUDDLESTON. In other words, you would send the voucher down instead of the cash?

Mr. YEUTTER. Exactly. They would have to buy it from some source, obviously from a commercial source. We would take away some of the flexibility in the use of cash by those school districts by providing that they should buy it.

Senator HUDDLESTON. It wouldn't mean too much of an interruption to existing contracts they might have?

Mr. YEUTTER. I would hope not. To the extent that it is, that is just the price that one must pay to maintain a surplus removal capability.

Senator HUDDLESTON. Senator Curtis, when I arrived, was inquiring about the current beef purchases. I am wondering if that beef that has been purchased will go into the distribution system?

Mr. YEUTTER. It will go into the schools this fall. This posed somewhat of a problem for us in that the school year is almost at an end, and we had made all the purchases for this school year. The announcement that we made yesterday will apply to purchases that will call for delivery this fall.

Senator HUDDLESTON. This question gets a little to the philosophy of the department. Was the major reason for making that purchase to alleviate the situation facing the farmers in beef sales or to provide the commodities?

Mr. YEUTTER. The major reason was to alleviate or help alleviate, hopefully, the severe depression of prices being experienced by beef cattle producers.

Senator HUDDLESTON. The availability of the commodity to the food distribution system is incidental to that program?

Mr. YEUTTER. In this particular case, yes, sir.

Senator HUDDLESTON. And the same situation, of course, could exist in the future?

Mr. YEUTTER. Yes. If it did, under our program we plan, Senator Huddleston, to use our vouchers to accomplish the same purpose. In other words, we provide vouchers for the purchase of beef.

Senator ALLEN. Senator Dole?

Senator DOLE. Mr. Chairman, first I would like to have included in the hearing record a copy of a letter from Mrs. Ione George, director of school food services, Kansas State Department of Education, in which she is in agreement with the Secretary that we consider cash instead of commodities. She doesn't agree with the 7 cents. She thinks it ought to be 10. If we are going to save all of that money in administrative costs, maybe by 1976 it will be 10. It will probably be 10 anyway, whatever happens.

[The letter referred to is as follows:]

KANSAS STATE DEPARTMENT OF EDUCATION,  
DIVISION OF ADMINISTRATION AND FINANCE,  
KANSAS STATE EDUCATION BUILDING,  
Topeka, Kans., March 18, 1974.

Senator ROBERT DOLE,  
New Senate Office Building,  
Washington, D.C.

DEAR SENATOR DOLE: I am writing in reference to Senate Bill 2871 introduced by Senator McGovern on January 21, 1974.

Section 1 of that bill states: "Notwithstanding any other provision of law,

*the Secretary of Agriculture shall (1) use funds available under provisions of section 32 of Public Law 74-320, as amended (7 U.S.C. 612c), to purchase, without regard to the provisions of existing law governing the expenditure of public funds, agricultural commodities, and their products to maintain the traditional level of assistance for food assistance programs as authorized by law, including but not limited to school lunch, institutions, supplemental feeding, and disaster relief, and (2) if the stocks of the Commodity Credit Corporation are not available, use the funds of the Corporation to purchase agricultural commodities and the products thereof under section 416 of the Agricultural Act of 1949 to meet such requirements."*

May I ask that you give consideration to this particular section for its effect in Kansas.

Enclosed are copies of letters from Mr. Harold Smelser and Dr. Robert Harder, both of whom are in the Department of Social Rehabilitation Services. Harold Smelser has been Director of commodity distribution for a number of years.

Mr. Smelser has taken steps, on the basis of information received through the USDA Regional office, to reassign his commodity distribution personnel to work on the Food Stamp Program.

This leaves Kansas without a commodity distribution organization after September 1.

The School Food Section of the Department of Education has neither staff nor budget to take on this responsibility for commodity distribution at this time.

There is no question that the commodity program in other years has been the lifeblood of the School Lunch Program. The commodities have been top quality and were well utilized to help keep the cost of the meals within the reach of those students not eligible for free or reduced price meals.

In FY 1973 the schools in Kansas received commodities worth \$5,156,317. During that same period 50,480,769 meals were served.

If the commodity distribution system were intact I would prefer that the schools receive the food instead of cash.

However, under the present circumstances, I am asking that you consider cash in lieu of commodities.

Enclosed is a copy of the much publicized memo from Dr. Yeutter which shows this to be the position of the Administration.

It would require a cash-in-lieu of commodities rate of at least 10 cents per plate to equal last year's dollar expenditure without allowance for inflation.

As this measure comes before your Committee on Agriculture and Forestry or is debated from the Senate floor, I ask that you take the necessary steps to pass legislation providing cash-in-lieu of commodities, at least for those states which for one reason or another can more feasibly and economically distribute cash than commodities.

Sincerely,

IONE H. GEORGE,  
*Director, School Food Services.*

Senator DOLE. Mr. Yeutter, you are going to save some money, I understand?

Mr. YEUTTER. Yes, sir, we certainly will, Senator Dole. As I indicated earlier, perhaps before you came in, we are prepared to commit all of that administrative saving to a cash contribution to the States so that they would receive the 7 cents plus whatever overhead savings we would achieve by phasing out the Federal program.

That involves, incidently, Senator Dole, somewhere around 500 Federal employees presently engaged in this particular program. That is overhead in terms of personnel. There are obviously other costs in the way of preparation of specifications, bid analysis, and many other items.

Senator DOLE. I can recall over the years the difference of opinion on whether it ought to be commodities or cash. I share the view expressed by Senator Bellmon. There were a number of us who thought

it ought to be commodities and who were criticized, that it was insulting not only the food stamp recipients but the participants in the school lunch program. Suddenly we find almost a 180 degree turn. Those who thought it cast a stigma now are suggesting that it should be commodities, and others who understand are in a little different position now.

We do not have a scarcity but we don't have a surplus. There should be enough flexibility in the program that if a surplus is built up again, there can be a commodity program.

I agree with Mrs. George that under the circumstances, since the system is not intact, it is going to be better for the schools and for the children to have the cash. I don't have any problem with that. I don't quite relate that to what Senator McGovern said earlier. That was another thing he had in mind on grants. It was disastrous. I will agree on that.

Mr. YEUTTER. Senator Dole, I have experienced the same expression of viewpoints that you have. When I first became involved with this program, the clamor was for additional cash and lesser reliance on commodities.

Senator DOLE. I remember going to hearings in Florida and they showed us all these ragged commodities literally being dumped on the people by the USDA. That was another administration, too. So there has been a change. I think the objective is good nutrition and the most efficient and economical program we can have.

Mr. YEUTTER. Exactly.

Senator DOLE. I think it has to have that flexibility.

Mr. YEUTTER. There is a philosophical point involved, too, Senator Dole, and Mr. Chairman, and that, of course, relates to whether or not this is the kind or program that needs to be done at the Federal level. It seems to me that we ought to provide governmental services at the lowest possible level. There is no point in continuing a procurement program by the Federal Government if that function can be performed as well or better by State government or by local school districts. What we are doing here is expressing the philosophy that we believe you in the State can do this job and do it well.

It is rather ironic that some of the resistance to the change is coming from the very State officials to whom we would like to transfer this.

Senator DOLE. I can understand the resistance because there is this unknown factor. Commodities have been the backbone of many State programs. I can understand their questions and I don't quarrel with that. It does seem to me that maybe it is not an extension of revenue sharing but it will operate that way. They will have the money and they will make the purchases.

If you make certain they have adequate cash flow. I don't see any real problem.

I have no further questions.

Senator ALLEN. Senator Clark?

Senator CLARK. I was particularly interested in your answer to Senator McGovern about the statistics from the Nebraska official, the Red Cross, and so forth. You have said that a lot of these charges are made without any statistical evidence. I wanted to ask just a couple of questions about statistical evidence of your position.

You mentioned, and I think much depends upon this, the fact that the Administration would be prepared to convert the commodities to cash plus the overhead.

Mr. YEUTTER. Yes, sir.

Senator CLARK. Much depends upon the size of that overhead. What is your statistical evidence of the overhead?

Mr. YEUTTER. Senator Clark, as I indicated earlier in my testimony, we hope to have some legislation ready for submission to the Congress very soon. At the time that we do that we will try to have available specific statistics on that point. I could give you general statistics now, but I can't define them precisely.

Senator CLARK. Can you give us some round figures of what that overhead would be?

Mr. YEUTTER. Yes. In rough figures we are probably talking about somewhere in the vicinity of \$10 million for primarily personnel cost and some of the administrative overhead here at the Washington, D.C. level. There will be some additional overhead out in the field that just hasn't yet been calculated.

But primarily here at the Washington, D.C. level I would suppose we are talking somewhere in the area of \$10 million.

Senator CLARK. How would that convert to the 7 cents of commodities?

Mr. YEUTTER. I believe \$290 million is the budgeted figure for this year.

Senator CLARK. So it is going to be less than a half-cent additional?

Mr. YEUTTER. I would assume that is correct.

Senator CLARK. It seems to me that if we are going to convert to that kind of a system—well, to take Senator McGovern's example that you are buying wieners at 80 cents and the retail price is \$1.09, a 29 cent spread, if you give a quarter cent more it seems to me there will have to be a lot of bargaining in between. Either there isn't much administrative cost involved in that or, as you indicated, there are two factors, the administrative cost plus the ability of the local school district to buy in larger quantities.

That will bring the price down, but only very, very slightly. It just seems to me that it is going to be hard for the committee to convert to a system of cash buying without having pretty strong evidence that there is really going to be a comparable increase. If it is going to be a quarter cent, if that is all the additional cost is, it seems to me it is going to be very difficult for a school district to buy the same amount of quantities, don't you think?

Mr. YEUTTER. I am convinced, Senator Clark, that if one compares apples with apples, that the school district will be better off with the cash system. We just haven't had any apples to apples comparisons. We are reflecting a comparison of retail prices versus our bid prices.

As I said, you have to get them so the comparison is true. We just don't ever get that in these kinds of letters. I am convinced that, for the simple reason that we don't have any more leverage than that local school district does because of the fact that we just don't have surpluses any longer.

If our leverage is gone the bargaining power that we have that can be passed on to those school districts is gone.

The other point I have to make is we have to be careful to look at it in the aggregate. One can always pick a specific commodity or specific location and you can provide statistics that will show anything. What you have to do, looking at it in the national picture, is to approach the matter broadly. You can't look at only hot dogs. You have to look at hot dogs, beans, fruit juice, and everything else that is provided and look at what the total picture is if we do it versus the total picture if done at the State or local level.

As I say, I am convinced if you compare all the costs, where it is there and where it is here, we will come out with about a dollar-for-dollar tradeoff.

Senator ALLEN. Mr. Secretary, we appreciate your fine cooperation with our committee. We would like any Senator to submit written questions to you with respect to the two bills.

You and the other representatives of the Department are most welcome to stay for the balance of the testimony, if you so desire.

The questions will be submitted through the staff.

Mr. YEUTTER. Thank you, very much.

I should add as I leave that this is probably my swan song in terms of nutritional programs. It has been a pleasure to be over here, as it has been on a good many other occasions. But I will be back in my other capacity.

Senator ALLEN. The next two witnesses will be Josephine Martin, and Vern Carpenter, both of whom have appeared before our committee in the past.

Everytime the nutritional needs of school children are at issue, we are always able to count on Miss Martin and Mr. Carpenter to give us the benefit of their views and their knowledge, their expertise in this field. The testimony they have given has always been of benefit to the committee. We look forward to hearing their testimony.

In the interest of time, if there is no objection, I suggest a 7-minute time limit on the witnesses, with the same 5-minute limit on Senators. Each witness, of course, has the opportunity to present a written statement, which will be placed in the record. I do not believe we will be unduly limiting the witnesses with this effort to save time.

**STATEMENT OF JOSEPHINE MARTIN, ADMINISTRATOR, SCHOOL FOOD SERVICE PROGRAM, GEORGIA DEPARTMENT OF EDUCATION, ATLANTA, GA., AND CHAIRMAN, LEGISLATIVE COMMITTEE, AMERICAN SCHOOL FOOD SERVICE ASSOCIATION**

Miss MARTIN. Mr. Chairman and members of the subcommittee; I am Josephine Martin, administrator of the school food service program for the Georgia Department of Education.

I am also testifying today as chairman of the legislative committee of the American School Food Service Association.

I am most grateful for the opportunity of testifying today in support of legislative proposals directly affecting the school lunch and child nutrition programs.

Also, I want to thank each of you individually for your continuing interest and concern with respect to cost problems facing school service administrators in all parts of the country.

Quite frankly, I had hoped that there would be no need for any major school lunch legislative proposals for some time after the passage of Public Law 93-150 which included major reforms for school food service funding.

But, we continue to encounter cost factors which are beyond our control although Public Law 93-150 held great promise for eaching additional children with school meals, the inflationary costs made it necessary for most schools to increase pupil sale prices in September 1973, or January 1974.

This sale price increase adversely affected pupil participation. Admittedly there are multiple factors involved in participation; however, 1 million fewer paying children are eating lunches now than last year. The increased sale prices have had their greatest impact on children from middle-income families. And now we have this proposal to phase out commodities.

As you are well aware, wholesale food prices have increased 20.6 percent from 1972 to 1973. The USDA now forecasts food price increases in the current year at about 12 percent. Other forecasts are as high as 20 to 25 percent. Moreover, the school lunch program has been especially hard hit by price increases in protein foods which, by law, must be served as part of each type "A" lunch.

In connection, I would like to cite some increases in protein food prices for the last quarter of 1973, over the last quarter of 1972. These data were published in the February 1974, issue of the USDA's National Food Situation. Meat prices increased 28 percent. Poultry prices increased 36.4 percent. Dairy products, up 19.9 percent. Eggs, up 49.1 percent.

Prices of other foods, of course, have increased substantially. But let me try to bring this situation into perspective by one single example. In this current fiscal year, school lunch programs across the country are paying at least 1 cent more per half pint of milk, and in many places, 3 to 4 cents more than in the previous year. Milk must be served as a part of each meal; this one item has increased the food costs for the entire school lunch program by \$40 million for this school year—offsetting the increase in section 4 funds, in many places.

And, another increased cost factor has entered the picture. The energy crisis has resulted in constantly increasing costs of providing gas and electricity in order to operate refrigeration equipment, kitchen ranges, steam kettles, steam cookers, and other equipment required to store, prepare and serve food to some 22 million children eating lunches daily.

Many school districts are effectively utilizing central preparation of lunches and transporting these lunches to satellite schools by specially equipped trucks. The very sharp increases in the cost of gasoline are, of course, directly affecting the costs of producing lunches and delivering them to students in participating schools. And, according to the Federal energy administrators, gasoline and fuel prices will continue to increase in the months ahead.

Public Law 93-150 changed the financial help for free lunches from a 40-cent minimum to a 45-cent average. This averaging concept has meant that many major school systems are getting no more or less money than received in fiscal 1973. Reductions in the rates plus

the escalated costs will surely try even the most competent operator's ability. I fear the quality and quantity will deteriorate.

To compound these difficulties, the USDA has now indicated that it plans to phase out food donation to schools in the fiscal year 1975. The purpose of section 6, as I understood it the early forties, was to make a plan to provide means for broadening dietary habits through the USDA purchase of foods, to establish standards of purchasing, and to provide a vehicle for utilizing surpluses. It seems to me that these three purposes of the original National School Lunch Act are still valid.

The American School Food Service strongly supports legislation to extend for at least 2 years the special commodity purchase authority continued in the Agriculture Act approved last summer. Such legislation would provide assurance that schools would receive either commodities or cash in lieu thereof in the next fiscal year. In the absence of this legislation, it would not be likely be possible to maintain the State commodity distribution system for more than a few months into the new fiscal year. We are, after all, only 3 months away from the new fiscal year.

I would like to touch briefly on two other matters:

First, in passing Public Law 93-150, last fall, the Congress approved a 1-year provision to increase the eligibility standards for reduced price lunches to 175 percent of the income poverty guidelines. Under this provision, children from lower middle-income families are eligible to receive the type "A" lunch at a price of 20 cents or less. It was only possible to implement this provision beginning January 1, of this year. Many States and school districts were reluctant to go into this because they only had 5 months. I am particularly pleased to report that 38 States implemented this provision and we are getting some positive results although it is still early to tell how many children will be involved. We sincerely hope that this provision of the legislation will be made permanent.

Second, I would propose that section 5 of the Child Nutrition Act (Nonfood Assistance) be amended to increase the appropriation authority for fiscal year 1976, and thereafter from \$20 million to \$40 million. Under the present law, the appropriation authority is \$40 million in 1975, and declines to \$20 million in the following fiscal years. As you know, actual appropriations in recent years have fallen for short of the \$40 million authorization.

The USDA has requested only \$22 million for nonfood assistance in the 1975 budget. However, the recently released USDA special study requested by Congress shows that schools nationwide need \$177 million to install or upgrade school food service equipment. It is my understanding that the study indicated that no-program schools need \$22 million for equipment. Unless this authorization is extended, getting meals to all children will be a long range dream, why should the schools that have begun programs be penalized?

Secretary Yeutter indicated that USDA proposes a plan to cash out commodities which he hopes would not require State matching. Mr. Chairman, the 3 to 1 matching requirement as presently contained in the National School Lunch Act and interpreted by USDA is working a real hardship on many States. The poorer States, because they serve more free lunches, are now faced with a real problem in

matching. Any additional requirement on the States to match money paid for free meals will undoubtedly adversely affect both the quality and quantity of meals served to poor children.

In conclusion, let me say again how much I appreciate the opportunity to appear before this subcommittee and express concerns which are on the minds of school food service personnel all across the country. Senator ALLEN. Mr. Carpenter?

**STATEMENT OF VERN CARPENTER, CHIEF, SCHOOL FOOD SERVICE SECTION, IOWA DEPARTMENT OF PUBLIC INSTRUCTION, DES MOINES, IOWA, REPRESENTING THE AMERICAN SCHOOL FOOD SERVICE ASSOCIATION**

Mr. CARPENTER. My name is Vern Carpenter and I am State director of school food service programs in Iowa.

I thank the committee for the opportunity to testify today and also the committee's positive action taken last November on Public Law 93-150. Schools are benefiting from your action.

On December 5 and 6, 1973, the Midwest State Directors were invited by the USDA to attend a meeting in Chicago. During this meeting it was explained why the administration was proposing that no Government commodities be furnished after June 30, 1974. The administration's desire was to get the USDA out of the commodity business. Similar USDA meetings were held in all regions.

In brief, the explanation given was that few surplus commodities were available and few, if any commodities needed to be price supported. Among other considerations, this caused State directors to wonder whether to retain their commodity distribution systems within their respective State agencies after June 30, 1974.

Announcing that commodities might not be available after June 30, 1974, may have been part of the administration's strategy because it was generally understood that even though the law required a complete conversion to food stamps by July 1, 1974, this conversion might not be entirely accomplished by that date. If not accomplished by that date, some commodities would be needed for direct distribution and some for overseas projects as well.

The question then arose whether the USDA had budgeted for commodities in their proposed budget for fiscal year 1975. This information about the budget could not be revealed by the USDA to State directors prior to the time the budget was released, which is understandable.

This proposal threatened a commodity value income of at least 5½ cents per lunch to schools. It seemed that about one and a half cents worth of commodities would be assured under section 6, but the 5½ cents additional value normally furnished under sections 32 and 416 was in doubt.

Even though present law provides for cash in lieu of a commodity shortfall it does not provide for the original 7 cents worth of commodities. The 7 cents worth seems clearly to be the intent of the Congress but now law.

After the USDA's proposed budget for 1975 was presented to the Congress, it showed, that \$290 million had been recommended for commodities. This amount is \$23.7 million less than for fiscal year 1974.

The USDA explained that less will be needed because participation will be at a lower rate.

Each year for the past several years we Midwest State directors have been trying to get the USDA to reveal exactly how much of the amount appropriated for commodities was budgeted for each child nutrition program. It has not been easy to obtain this breakdown.

State agencies need such a breakdown in order to allocate and distribute these commodities to each participating school or service institution on a fair and equitable basis.

For example, if schools are budgeted 7 cents worth for each lunch served, this should be known. If service institutions are budgeted a like amount, this should be known. If service institutions are budgeted only 3 cents worth, but receive 7 cents worth, this reduces the 7 cents worth schools should have received.

There are not enough commodities to give 7 cents to everyone.

Consequently, the amounts presented herein are not presented as exact budget figures. They are, however, the latest figures presented at this writing.

1. An estimated 4 billion lunches at 7 cents equals \$280 million.
2. An estimated 275 million breakfasts at 3 cents equals \$8,250,000.
3. An estimated 300 million meals in special food service program for children at .0058 cents equals \$1,750,000.

Total: \$290 million.

4. Summer camps: none.
5. Senior citizens: none.
6. Disaster feeding: none.
7. Home economics classes: none.

This observation is offered. If service institutions participating in the special food service program are to receive only about one-half cent's commodity value per meal served, their tenuous financial status will become far more shaky.

A similar question was raised about the USDA budget when I testified before this committee on July 28, 1972, at which time, Mr. Chairman, you asked the USDA the specific question.

As I recall, their reply was that they had stocks on hand with which to make up the difference. Questions are now raised whether they have an adequate supply on hand and the exact value of commodities to be furnished service institutions.

There seems to be no way of finding out how much the USDA will budget for commodities for fiscal year 1976, or even whether it is known.

As our legislative committee understands it, if funds for commodities would not be budgeted, about 5½ cents worth of our 7 cents worth of commodities would be lost.

Likewise, as we view it, there would be no cash in lieu of a shortfall because funds had not been budgeted.

Hence, our recommendation that the law be changed to specify the commodity value for each program on a performance basis.

Another concern is section 4(a) of Public Law 93-86 which expires June 30, 1974. This gave the Secretary of Agriculture authority to purchase commodities under section 32 without regard to surplus and to furnish commodities under section 416 as well. We urge the committee to extend the provisions of this section of the law.

This school year has been a good commodity year, as we refer to it. For some reason, school administrators and food service personnel voluntarily comment more favorably on the receipt of commodities than the receipt of cash. See chart No. 1.

CHART NO. 1—COMMODITIES ALLOCATED TO THE STATE (AS PER DELIVERY ORDERS AND TRANSFERS) JULY 1, 1973, THROUGH MAR. 15, 1974 (APPROXIMATE)

Commodity	Units	Pounds	Value per pound	Value per unit	Total value
Section 6 (schools)					
Beef, ground, frozen 55 lb.....	9,100	500,500	\$1.06	\$58.30	\$530,530
Chickens, frozen 30 lb.....	32,400	972,000	.39	11.70	379,080
Frankfurters, frozen 40 lb.....	9,500	380,000	.71	28.40	269,800
Potatoes, french fries, frozen 30 lb.....	2,000	60,000	.47	14.20	28,400
Sweet potatoes, sirup, canned 38.25 lb.....	2,600	99,450	.33	12.53	32,578
Total.....	55,600	2,011,950			1,240,388
Sections 32 and 416 (schools)					
Beans, baby lima 25 lb.....	3,200	80,000	.43	21.43	68,576
Beans, green, canned 38 lb.....	3,999	151,962	.20	7.44	29,753
Beans, green, frozen 30 lb.....	1,875	56,250	.29	8.73	16,369
Beef, ground, frozen 55 lb.....	7,000	385,000	1.06	58.30	408,100
Butter, print 32 lb.....	27,598	729,536	.89	28.48	814,471
Butter, print 36 lb.....	28,844	1,038,384	.89	32.04	924,162
Cornmeal, yellow 50 lb.....	2,126	106,300	.14	7.02	14,925
Cranberry sauce, jellied 44.2 lb.....	9,799	443,116	.24	10.67	104,555
Flour, A-P 50 lb.....	83,102	4,195,100	.15	7.36	611,631
Grapefruit juice, canned 37.3 lb.....	20,000	746,000	.16	6.05	121,000
Margarine 30 lb.....	89,600	2,867,200	.39	11.55	1,034,880
Oats, rolled 36 lb.....	5,554	199,944	.24	7.24	40,211
Orange juice, concentrated, frozen 30 lb.....	47,490	1,424,700	.40	11.98	568,930
Peanut butter 41.25 lb.....	31,510	1,512,480	.63	26.00	819,260
Pears, canned 43.5 lb.....	8,689	377,972	.31	13.32	115,738
Plums, purple, canned 45 lb.....	2,800	126,000	.21	9.58	26,824
Poultry, boned, canned 43.5 lb.....	8,500	369,750	1.92	83.37	708,645
Rice 50 lb.....	3,185	159,250	.49	24.68	78,606
Salad oil 46.2 lb.....	17,939	828,781	.55	25.32	454,215
Shortening, vegetable oil 50 lb.....	20,279	1,018,950	.42	21.18	431,627
Tomatoes, canned 38.25 lb.....	10,000	382,500	.22	8.52	85,200
Turkeys, frozen 43 lb average.....	18,336	773,230	.67	28.81	528,260
Wheat, rolled 36 lb.....	4,160	149,760	.52	18.80	78,208
Peanut, granules 21 lb.....	1,100	23,100	.79	16.60	18,260
Total.....	456,785	18,105,265			8,102,406
Grand total (schools).....	512,385	20,117,215			9,342,794

Note.—Values per pound and per unit were computed by obtaining wholesale prices from 3 wholesalers located in Des Moines and taking an average of the 3. The prices shown do not necessarily represent the bid price paid by the USDA when purchasing the food. In some instances the USDA may have purchased for a lesser price, but the values listed hereon show a reasonable market value.

We understand this committee recently adopted a resolution urging the USDA to purchase fresh frozen ground beef for child nutrition programs and other domestic programs. Also, that a group of Senators including Senators Humphrey, McGovern, and Clark, who are members of this committee, have done likewise.

Further, that a number of Representatives including Congressmen Scherle and Culver have made this recommendation. Governor Ray of Iowa has done so as has the Iowa Cattlemen's Association.

If ground beef were purchased now, it would be available for schools and service institutions when classes opened this fall because it usually takes from 3 to 4 months before it is delivered to schools after the USDA starts making offers to buy.

A chart is attached showing the amount of beef purchased for Iowa's schools for the past several years. Last school year, 1972-73, Iowa's schools received no beef. See chart No. 2.

CHART NO. 2.—BEEF PRODUCTS RECEIVED BY IOWA SCHOOL FOOD SERVICE, YEARS 1962-74—SUMMARY OF ALL BEEF COMMODITIES

Year	Units	Pounds	Value
1973-74	9,100	885,500	1 \$440,440
1972-73	None	None	None
1971-72	16,650	884,500	621,775.00
1970-71	16,787	923,285	590,902.00
1969-70	39,200	2,156,000	1,271,040.00
1968-69	23,600	1,298,000	765,820.00
1967-68	24,170	1,270,735	854,640.00
1966-67	30,178	1,490,051	897,256.00
1965-66	27,070	1,396,097	608,919.88
1964-65	50,935	2,777,411.75	1,665,542.20
1963-64	20,932	1,155,529	546,280.40
1962-63	10,185	567,038	226,815.20

<sup>1</sup> As of Jan. 7, 1974.

This brings up the discussion of shortages or potential food shortages. Rather, the potential shortage of specific food items.

Farm surpluses come and go. Surpluses are seldom where they are needed or they wouldn't be in surplus. Surplus foods must be redistributed which requires a workable distribution system.

A distribution system is absolutely essential. This proposed purchase of \$45 million worth of beef, with which we are most pleased, would be futile if there were no distribution system to distribute it. There would be no need of putting it in the warehouses and leaving it there.

Beef producers are now stating they stand to lose \$100 to \$200 per head at current market prices. The present outlook for beef prices and supply for the remainder of 1974 is for beef prices to decline and for the supply to increase at least moderately. Incidentally, hog prices have declined recently.

When beef prices drop sharply, farmers and producers either drop out and quite producing beef or reduce the size of their herd. After this happens, beef becomes in short supply and the price rises. After this happens, producers enlarge their herds and those who dropped out start producing beef again. Which brings up the premise that if we wish to have an adequate supply at reasonable prices, farmers and beef producers need to keep doing what they have been doing—raising more beef. Otherwise, the resultant peaks and the valleys in both price and supply.

According to an article in the Des Moines Sunday Register, March 17, 1974, under the byline of Don Muhm, farm editor, there may be a "disturbing drop" in the number of cattlefeeders in the four-State area of Iowa, Nebraska, South Dakota, and Wyoming.

It may take a while before this drop is reflected in ranch operations in South Dakota, Wyoming, Nebraska, and in other States, but if this trend continues it will eventually be reflected in the supply and in the price. Another shortage of a specific food item will have developed.

This is why we contend the USDA should purchase beef for child nutrition programs and other domestic feeding programs each year. Such purchases might help form a floor in such valleys.

We must bear in mind that we no longer have our grain reserves on hand to fall back on if the need develops in the future. Some have said our Nation is only one crop failure away from a serious food shortage.

Another item of concern: The USDA has stated that if they can "get out of the commodity business" they would be willing to take the funds they would save through the decrease in commodity administrative costs and add it to the present 7-cent value of commodities.

It has been clearly demonstrated this morning during the hearing that no estimate of this is available, and it would seem to be one that is most difficult to obtain.

When asked, the USDA stated their offer was no attempt to save money on their part. In our opinion, it follows that they must believe an additional amount is necessary and justified or it would not have been offered. This 7-cent value has remained stationary for at least 3 years without taking inflationary costs into consideration.

They have agreed to an escalator clause for commodities. The same Cost of Eating Away from Home Index might be used. This is why we recommend a commodity value for fiscal year 1975 be established at 10.5 cents—the same as the cash payment under section 4 of NSLP—with the same escalator clause.

We believe it would be advisable to consider a similar proviso for the breakfast program and the special food service program.

This would make the total Federal cash reimbursement and commodity value for a free lunch to be:

	<i>Cents.</i>
Section 4 (cash)-----	10.05
Section 11 (cash)-----	47.25
Total cash-----	57.75
In commodities-----	10.05
Total Federal contribution for free lunch-----	68.25

The amount of State cash reimbursement must be added to the 57.75 cents Federal cash. In Iowa, this amount of State reimbursement is .0075 cents plus 3.36 cents. All totaled, this would be 61.86 cents. Practically all schools will be able to justify receiving this 61.86 cents. See chart No. 3.

CHART NO. 3.—IOWA TYPE A LUNCH COST—JULY 1, 1973, TO DEC. 31, 1973, STATEWIDE

	Amount	Cents per lunch
Expenditures from school lunch funds:		
Food-----	\$11,429,351.10	35.20
Labor-----	5,799,087.26	17.86
Other-----	1,381,938.42	4.26
Total-----	18,610,376.78	57.32
Estimated value of noncash expenditures-----	4,222,652.01	13.00
Total expenditures-----	22,833,028.79	70.32
Less:		
Extra milk costs-----	750,192.31	2.31
School breakfast cost-----	106,877.86	.33
Estimated a la carte costs-----	311,718.80	.96
Total unallowable costs-----	1,168,788.97	3.60
Total type A lunch expenditures-----	21,664,239.82	66.72
Total type A lunches served:		
Children type A lunches-----	30,676,781	-----
Adults type A lunches-----	1,793,972	-----
Total type A lunches-----	32,470,708	-----
Type A lunch cost without Government commodities-----	-----	66.72

CHART NO. 3—IOWA TYPE A LUNCH COST—JULY 1, 1973, TO DEC. 31, 1973, STATEWIDE—Continued

	Total	Less extra milk	Less school breakfast	Less estimated a la carte	Type A lunch expenditures	Cost (cents) (32,470,708 lunches)
Average						
Food.....	\$11,429,351.10	\$750,192.31	\$68,163.13	\$311,718.80	\$10,299,276.86	31.72
Labor.....	5,799,087.26		34,024.09		5,765,063.17	17.75
Other.....	1,381,938.42		4,690.64		1,377,247.78	4.25
Total.....	18,610,376.78	750,912.31	106,877.86	311,718.80	17,441,587.81	53.72
Noncash expenses.....	4,222,652.01				4,222,652.01	13.00
Total.....	22,833,028.79	750,912.31	106,877.86	311,718.80	21,664,239.82	66.72

Comparison				
	School period July 1972 to December 1972	School period July 1973 to December 1973	Cents increased or decrease	Percent income or decrease
Food.....	46.42	31.72	+5.30	+20.1
Labor.....	16.79	17.75	+ .96	+5.7
Other.....	3.92	4.25	+ .33	+8.4
Total.....	47.13	53.72	+6.59	+14.0
Noncash expense.....	12.64	13.00	+ .36	+2.8
Total.....	59.77	66.72	+6.95	+11.6

For the period July 1, 1973, through December 31, 1973, Iowa's statewide average lunch cost was 66.72 cents in addition to commodities used.

Federal regulations contain the provision that a school cannot be reimbursed more for a lunch than the total cost of preparing and serving the lunch. Iowa's local schools contributed about 13 cents per lunch making a total State and local contribution of .1711 cents per free lunch.

Attached please find other charts listing:

a. Number of school district serving reduced price meals. See chart No. 4.

CHART NO. 4—IOWA

September 1973	
Number of school districts serving both free and reduced-price meals .....	296
Number of school districts serving free meals but not reduced-price meals.....	167
January 1974	
Number of school districts serving both free and reduced-price meals.....	312
Number of school districts serving free meals but not reduced-price meals.....	151
Number of districts that started serving reduced-price meals after 175 percent change become effective Jan 1, 1974.....	16

Note.—During the 1972-73 school year, all school districts served both free and reduced-price meals.

b. Increase in reduced price meals served during this school year. See chart No. 5.

CHART NO. 5—IOWA, FREE LUNCHES, AVERAGE DAILY FREE LUNCHES

Month	School year 1972-73	School year 1973-74	Decrease per day	Percent decrease per day
September.....	53,675	53,065	-610	-1.14
October.....	60,304	57,318	-2,986	-4.95
November.....	60,049	57,365	-2,684	-4.47
December.....	59,927	57,115	-2,812	-4.69
January.....	60,539	57,213	-3,326	-5.49

REDUCED-PRICE LUNCHES, AVERAGE DAILY REDUCED-PRICE LUNCHES

September.....	2,192	2,085	-107	-4.88
October.....	2,138	2,865	+727	+34.00
November.....	2,210	2,914	+704	+31.86
December.....	2,195	2,891	+696	+31.71
January.....	2,163	3,049	+886	+40.96

c. Iowa's average daily participation—July 1, 1973, through December 31, 1973. See chart No. 6.

CHART NO. 6—IOWA, AVERAGE DAILY PARTICIPATION, PERCENT OF AVERAGE DAILY ATTENDANCE

	July 1, 1972, through Dec 31, 1972 percent	July 1, 1973, through Dec 31, 1973 percent	Percent increase- decrease
Senior high schools.....	52.82	54.00	+2.18
Junior-senior high schools.....	77.16	76.20	-1.26
Junior high schools.....	74.32	75.60	+1.69
Elementary schools.....	71.80	70.02	-2.54
Special education schools.....	83.50	79.13	-5.55
K-12 schools.....	81.42	80.84	-.72
Total.....	70.29	69.79	-.72

## NOTES

The above chart shows that average daily participation (so far this year):

1. Increased in senior high schools from 52.82 percent up to 54 percent = +2.18 percent.
  2. Decreased in junior-senior high schools 77.16 percent down to 76.20 percent = -1.26 percent.
  3. Increased in junior high schools 74.32 up to 75.60 percent = +1.69 percent.
  4. Decreased appreciably in elementary schools 71.80 percent down to 70.02 percent = -2.54 percent.
  5. Overall participation decreased -0.72 percent.
- Considering this in its entirety, it is not too severe because a number of schools increased their lunch prices last fall. Conversely, it held up this well because the large percentage of schools did not increase student lunch prices. During last school year student lunch prices averaged 37.88 cents compared to 41.21 cents for this school year (up 3.33 cents). Student participation for the month of December 1973, however, was at an alltime high of 70.94 percent.

d. Enrollment of Iowa's public schools, 1973-74 school year. See chart No. 7.

Iowa's Public School District Enrollment, 1973-74

CHART NO. 7

Iowa's Nonpublic School Enrollment, 1973-74	Iowa's Public School District Enrollment, 1973-74	
1,000 or more.....	5	
500 to 1,000.....	26	
300 to 500.....	35	
200 to 300.....	40	
100 to 200.....	85	
0 to 100.....	76	
Total schools.....	267	
	100 to 200.....	5
	200 to 300.....	25
	300 to 500.....	106
	500 to 750.....	100
	750 to 1,000.....	77
	1,000 to 1,500.....	51
	1,500 to 2,000.....	27
	2,000 to 3,000.....	31
	3,000 up.....	29
	Total school districts.....	451

Note.—Only 7 school districts have an enrollment above 10,000.

e. Comparison by percentage of value of USDA commodities. This reveals increases in prices of food items. See chart No. 8.

CHART NO. 8—COMPARISON BY PERCENTAGE OF VALUE FOR USDA COMMODITIES

Commodity	1972-73 value per unit	1973-74 average value per unit	Percentage difference
Applesauce 40.5 lb.....	6.88	10.59	54
Apples, sliced 36 lb.....	9.36	15.00	60
Apricots, canned 40 lb.....	11.20	12.07	8
Apples, fresh 40 lb.....	6.00	9.55	59
Beans, red kidney 50 lb.....	9.00	24.80	176
Beans, red kidney 100 lb.....	17.00	46.64	124
Beans, baby lima 50 lb.....	11.00	21.43	95
Beans, great northern 50 lb.....	10.00	24.45	145
Beans, dry pea 100 lb.....	20.00	61.03	205
Beans, dry pea 50 lb.....	10.00	31.10	211
Beans, green canned 38 lb.....	6.84	7.44	1
Beans, frozen 30 lb.....	6.92	8.73	26
Beans, dry pinto 50 lb.....	8.50	21.00	147
Beans, dry pinto 100 lb.....	16.41	42.33	158
Beef, ground frozen 55 lb.....	46.75	58.30	-25
Butter, print 32 lb.....	27.20	28.48	5
Butter, print 30 lb.....	25.50	26.70	5
Butter, print 36 lb.....	30.60	32.04	5
Beef, patties frozen 30 lb.....	30.00	36.38	21
Beef, in natural juice 43.5 lb.....	46.55	60.95	31
Cheese, natural cheddar 42 lb.....	33.18	51.38	55
Cheese, processed 30 lb.....	24.00	33.18	38
Cherries, red pitted 40 lb.....	10.24	18.68	82
Corn, canned 39.75 lb.....	6.36	7.30	15
Cornmeal, yellow 50 lb.....	6.00	7.02	17
Chicken, frozen 30 lb.....	11.10	11.70	5
Corn, canned 24 lb.....	4.34	5.50	27
Cranberries, fresh 28 lb.....	5.95	7.75	30
Cranberry sauce 44.2 lb.....		10.67	
Eggs, dried 18 lb.....	17.64	38.35	117
Flour, all-purpose 50 lb.....	4.50	7.36	64
Fruit cocktail 41.4 lb.....	7.85	11.47	46
Grapefruit sections 37.5 lb.....	12.00	10.95	-9
Grapefruit juice 40 lb.....	4.70	6.05	29
Grape juice 38.6 lb.....	8.88	11.93	34
Honey, processed 30 lb.....	16.16	25.15	56
Meat, luncheon 45 lb.....	36.00	44.70	24
Milk, dry 54 lb.....	32.40	41.07	27
Margarine 30 lb.....	4.98	11.55	132
Oats, rolled 36 lb.....	7.92	6.95	-12
Olives, ripe 19.5 lb.....	14.83	19.02	28
Orange juice, frozen 30 lb.....	12.00	11.98	0
Peaches, canned 40 lb.....	9.20	10.12	10
Peanut butter 41.25 lb.....	17.74	26.00	47
Pears, canned 40 lb.....	10.00	11.90	19
Peas, green 40 lb.....	6.55	8.00	22
Plums, purple 41.4 lb.....	7.07	9.58	36
Peas, dry split 50 lb.....	7.50	27.90	272
Peanut butter 48 lb.....	20.64	30.24	47
Pineapple, canned 41.4 lb.....	9.95	11.15	12
Pears, french d'Anjou 45 lb.....	7.75	10.80	39
Potatoes, french fries 30 lb.....	6.00	14.20	137
Potatoes, dehydrated 15 lb.....	7.50	7.80	4
Peas, canned 24 lb.....	5.11	6.32	24
Poultry, canned/boned 43.5 lb.....	45.24	83.37	84
Raisins 48 lb.....	28.80	31.68	10
Rice 50 lb.....	9.00	24.68	174
Salad oil 46.2 lb.....	13.86	25.32	83
Shortening vegetable oil 36 lb.....	12.96	23.61	82
Sweet potatoes, dehydrated 23.25 lb.....	17.90	24.70	38
Sweet potatoes, sirup 38.25 lb.....	7.65	12.53	64
Tomatoes, canned 38.25 lb.....	7.81	8.52	13
Tomato, paste 41.62 lb.....	10.67	13.23	24
Turkeys, frozen 43 lb.....	18.92	28.81	52
Shortening, vegetable oil 50 lb.....	11.50	21.18	84
Wheat, rolled 36 lb.....	8.64	18.80	118
Frankfurters (71 cents per pound).....		28.40	

Note.—Value per unit was computed by obtaining wholesale prices from the wholesalers located in Des Moines and taking an average of the three.

## IOWA—COMMODITIES FOR PUBLIC SCHOOLS

School year	Commodity value	Cash in lieu of shortfall	Total commodities	Lunches and breakfasts served	Commodity value per lunch, cents
1970-71 .....	\$6,089,361 .....	.....	\$6,089,361	67,820,173	8.98
1971-72 .....	6,788,801 .....	.....	6,788,801	70,491,257	9.63
1972-73 .....	4,988,588 .....	\$1,187,232	6,175,820	70,364,883	8.78
1973-74 (projected) .....	8,333,772 .....	.....	8,333,772	70,681,478	11.79

f. Average student lunch price for Iowa, 1973-74 school year. See chart No. 9.

CHART NO. 9.—IOWA, STUDENT LUNCH PRICE

January 1974 average lunch price (cents) .....	41.48
School year 1972-73 average lunch price (cents) .....	37.92
Increase (cents) .....	+3.56
Increase (percent) .....	9.39

Student lunch price (cents)	Number of districts	Number of buildings
30 .....	8	38
35 .....	86	251
40 .....	246	679
45 .....	55	500
50 .....	31	153

Note.—All student lunch prices are not shown such as 37 cents, et cetera—just those most typical.

Our association does not consider child nutrition programs to be welfare programs. We believe these programs should be considered as directly benefiting children although certainly parents benefit indirectly.

These programs are an example of how the taxpayer's dollar directly benefits children. A person only needs to observe a child eating lunch at school to realize his taxes were spent for a worthy cause.

A news article appearing March 16, 1974, in the Des Moines Tribune under the byline of David Hess listed 22 poverty related programs that either have not been funded or were incorporated, transformed, transferred, or delegated to another Federal agency.

We hope the child nutrition programs do not suffer the same fate. Cutting off government commodities could be the first step; a transfer of child nutrition programs from the USDA could be the second step. Complete deemphasis could be the third and final step.

We seek your help and assistance in preventing this to happen.

I have data with me concerning reduced price lunches, attendance, food costs, and the like which I would be happy to present if you desire and if time permits.

We hope the child nutrition programs are continued. We hope that cutting off commodities will not be the first step, with the transfer of the child nutrition program to HEW the second step, and the complete deemphasis the third step.

We are seeking your help and assistance in preventing these things from happening.

Senator ALLEN. Thank you very much.

Senator HUDDLESTON?

Senator HUDDLESTON. The gentleman made reference to the fact that he gets more comments from the districts on the cash.

What is the reason for that?

Mr. CARPENTER. We haven't been able to explain it. Recently we sent them the retroactive check and they received it at the same time they received the commodity release. It seems they were far more impressed with getting the commodities in the quantity they did than they were in getting the retroactive reimbursement.

Senator HUDDLESTON. If the cash system were in effect today, at the seven cent rate, do you think the systems would be able to provide comparable meals as now with commodities?

Mr. CARPENTER. There is a chart attached to my statement which shows the size of our schools in Iowa. This would be true of the Midwestern States and even States more sparsely settled than our State. We have only seven school districts with an enrollment over 10,000. Of course, in those districts there are many small schools, speaking of school buildings. They do not have a sophisticated purchasing plan.

Naturally, I think they could do as good a job as any other small school.

Senator HUDDLESTON. Let me ask each of you this question. In each of the States you are familiar with, is the educational system set up so that it would lend itself to a State purchasing agency that, in turn, would make the commodities available to the various systems?

Miss MARTIN. Senator Huddleston, Georgia is very decentralized. We have no provisions for centralized purchasing.

Senator HUDDLESTON. It would be unlikely that you could take advantage of a larger purchasing power?

Miss MARTIN. No, sir. We have many very small school districts that contain no more than 500 children. It would be impossible for those small districts to have the purchasing power that the Department has.

Senator HUDDLESTON. Is that true in your State?

Mr. CARPENTER. Yes. Again, we would have to set up another organization which means funding and personnel.

Senator HUDDLESTON. Would this problem be further complicated if you were in a system where some months you would receive cash and in other months the commodities or vouchers?

Mr. CARPENTER. As I view this voucher, and I have tried to view it objectively, this gets quite complicated. For example, if I had just purchased—right now—2,000 pounds of beef and I receive vouchers to purchase beef, then I would probably say to the State director, "I am sorry, I can't purchase the beef right now because I just bought some." I will purchase it 6 months later or after I have used my supply.

Likewise, the audit trail of trying to audit whether the money was spent for food for which it was intended would be a huge problem.

Senator HUDDLESTON. It could be disruptive of a continuous flow of the kind of commodity you would need specifically at the time of the year involved.

Mr. CARPENTER. And especially if it has anything to do with price supports or relieving the situation of farmers and producers.

Senator HUDDLESTON. Do you have a recommendation on what the per meal allocation ought to be, 7 cents or 10 cents?

Mr. CARPENTER. Yes. Ten cents.

Senator HUDDLESTON. You think that as of the present time.

Mr. CARPENTER. During the first 6 months, our food costs, speaking of food costs in schools, went up 20.1 percent.

Senator HUDDLESTON. Is this true in Georgia also?

Miss MARTIN. Yes, sir. Prices have increased drastically. Someone has said over the past 2 years the cost of food has gone up 50 percent. We are grateful to Senator Allen for getting the 7 cents level of foods established 2 years ago this summer; if we take the 7 cents level and apply a 50 percent increase in the cost of food, the value of donated foods should be at 10 or 10.5 cents right now to be where we were in the summer of 1972 when the 7 cent level was established.

Senator HUDDLESTON. Thank you very much. My time is up.

Senator ALLEN. Senator Clark?

Senator CLARK. I want to be sure that the record is very clear. Is it accurate to say that both of you who obviously represent the school lunch programs in America are opposed to the action recommended by Secretary Yeutter to convert to a cash out commodities?

Mr. CARPENTER. Yes, sir.

Miss MARTIN. Yes, sir. At the present time we believe that a commodity procurement system must be maintained.

Senator CLARK. Is it accurate to say that your organization is in support of S. 2871 or are you familiar with that?

Miss MARTIN. We are. Senator Clark, I think we would react only to the provisions relating to the commodity procurement. We would not react to the food stamp provisions.

Senator CLARK. Exactly. But on those sections of the bill, you are in full support?

Miss MARTIN. Yes.

Mr. CARPENTER. Yes.

Senator CLARK. Senator McGovern and I introduced a bill yesterday which, in effect, would increase the commodity figure to 10 cents, which you have just said you supported, and would have an escalator clause in it, and would provide 10 cents in cash in lieu of commodities if they were unavailable.

Are you in support of that legislation?

Miss MARTIN. Yes, indeed.

Mr. CARPENTER. Yes.

Senator CLARK. The Secretary today indicated that although he didn't have specific statistics, he assumed, based on his preliminary figures, that the overhead costs which the administration feels ought to be added to the 7 cents of commodities would be apparently about \$10 million, which, I guess, would be about a quarter of a cent per meal.

Do you feel that that addition would make up for the services now provided under the commodity program, if it were increased to that level?

Mr. CARPENTER. No, it would not, in my opinion, because a number of our schools now can take the 7 cents and in using them to good advantage turn them into 9, 10 or 11 cents. One-fourth cent just will not do it. No way.

Senator CLARK. Your particular concern in your testimony, as I understand it, is that we not be so dependent on what the administration budget is, but, rather, have some hard facts and figures to be able to plan on the future.

Mr. CARPENTER. This is most important. If we knew for sure in the first place what the amount would be, which we don't, that would be one phase. Knowing we would receive it would be the second phase.

Senator CLARK. Thank you.

Senator ALLEN. Thank you, Senator Clark.

Thank you, Miss Martin and Mr. Carpenter, for appearing before the subcommittee.

The Senate has just gone into session and I have an amendment pending at this time. After a few minutes of routine morning business it will be brought up for consideration. The public financing of Federal election campaigns is the pending bill.

I have an amendment pending that would strike from the bill all of the public finance sections, and would save some \$400 million over a 4-year period.

I hope this amendment can be adopted so that we will have that money available for appropriation for funding programs. Because it is necessary for me to be on the floor, Senator Clark has been kind enough to offer to preside for an added period this morning, and Senator Huddleston this afternoon.

At this time the next witness is Mrs. Lillian J. Huff, Chairman, D.C. Mayor's Commission on Food, Nutrition, and Health.

Senator CLARK [presiding]. Let me say that I intend to be present when that vote on the Allen amendment is taken up and I intend to vote against it.

We are very happy to have Mrs. Lillian Huff, Chairman of the D.C. Mayor's Commission on Food, Nutrition, and Health.

Please proceed in any way you think appropriate. You have 7 minutes.

#### STATEMENT OF LILLIAN J. HUFF, CHAIRMAN, D.C. MAYOR'S COMMISSION ON FOOD, NUTRITION, AND HEALTH

Mrs. HUFF. Thank you very much.

I am Lillian Huff, Chairman of the D.C. Mayor's Commission on Food, Nutrition, and Health.

The District of Columbia has a population of about three-fourths of a million. Of these 169,000 are women between the usually considered child-bearing years of 20 to 49, and 68,100 are girls in the potential child-bearing years of 10 to 19. Children under 5 number 57,700. All of these are at physiologically vulnerable stages of life.

Many D.C. families have been economically disadvantaged for generations probably providing a chain of undernourished mothers bearing physically and even mentally handicapped babies.

Several current Federal commodity programs are helping to safeguard the physiological health of our economically disadvantaged.

The supplemental food program reached 3,500 mothers, 2,700 infants, and 7,000 other children under 6 years with highly nutritious foods to enrich their often poor home diets, in January 1974.

The food received was worth \$10.25 per month for the mother, \$8.50 for the infant, and \$12.50 for the other children at D.C. retail prices of April 1973.

Also, in January 1974, 50,235 children received free or reduced price school lunches and 14,500 received free cold breakfasts. Recently, 101 school cafeterias started hot breakfasts twice a week. Because of greater acceptability of the hot breakfasts, a rise in numbers is anticipated.

Federal commodities were in the meals served to 5,340 children in head start, day care and related programs.

In the summer of 1973, 26,000 children on an average day received a school meal for 44 days.

In addition, the diets of many other low-income people were improved nutritionally by the distribution of Federal commodities. Needy elderly and others received just plain food or meals through meals-on-wheels, churches, settlement houses, and other neighborhood and community centers, hospitals and benevolent societies.

The numbers are not additive although they all relate to the early 1970's, because they are not for identical time periods and also because some individuals benefited from more than one program. However, the data indicate that thousands will be affected if the Federal commodity programs stop.

Stoppage of Federal commodity distribution will also have a direct impact on all institutions operated by the D.C. Government. The Federal commodities received for them in the first half of fiscal year 1974 had an estimated value of \$68,153.

If food prices stay at their present level, which is unlikely, the D.C. Government would need to spend \$135,310 in fiscal year 1975 for their replacement for the children's center, District of Columbia General Hospital, District of Columbia Village, and Glen Dale Hospital.

The presently spiraling food prices make it a diabolical act to stop food distribution to the needy. True, some would receive cash in place of food. But many would not benefit from a cash program because of lack of any program in which their need could be established.

From those on the rosters, the cash benefits would not be expected to meet the purchase cost of the food they are presently receiving because the Government buys at lower food prices than the household consumer.

As food prices continue to spiral, the purchasing power of the consumers' cash receipts would dwindle. This is a known fact from the lag in purchasing power of the food stamps in this period of rapid and frequent rises in food prices.

The Mayor's Commission on Food, Nutrition, and Health, of the District of Columbia urges the passage of S. 2871 before June 30, 1974, and in time to maintain the present flow of commodity distribution to recipients.

We do have two attachments, Mr. Chairman.  
[The attachments to Mrs. Huff's statement follow:]

Some Statistics on District of Columbia Population and its Participants in  
Federally Assisted Commodity Programs

Total population.....	753, 600
Females <sup>1</sup> .....	237, 700
Women, 20 to 49 years.....	169, 600
Teenagers, 15 to 19 years.....	35, 800
Preteenagers, 10 to 14 years.....	32, 300
Children under 5 <sup>1</sup> .....	57, 700
Recipients of supplemental foods <sup>2</sup> .....	13, 200
Mothers.....	3, 500
Infants.....	2, 700
Other children under 6 years.....	7, 000
Children in programs receiving Federal commodities.....	5, 338
Head start and related programs.....	3, 547
Day care and related programs.....	1, 791
Children receiving school meals <sup>2</sup> .....	64, 735
Free or reduced lunches.....	50, 235
Free breakfasts.....	14, 500
Children receiving summer school meals <sup>3</sup> .....	26, 000

<sup>1</sup> 1971 estimate.

<sup>2</sup> January 1974 estimate.

<sup>3</sup> Summer 1973 estimate.

SURPLUS COMMODITIES PROVIDED BY THE U.S. DEPARTMENT OF AGRICULTURE TO THE DISTRICT OF COLUMBIA  
DEPARTMENT OF HUMAN RESOURCES—1ST HALF OF FISCAL YEAR 1974

[Children's Center, District of Columbia General Hospital, D.C. Village, Glenn Dale Hospital]

Commodity	6-month quantity	Cost 3/74 open market or GSA at	6-month total cash	Projected 1-year cost
All-purpose flour.....	33, 050 lb	\$0. 1935 lb	\$6, 395. 18	\$12, 790. 36
Nonfat dry milk.....	1, 350 lb	1. 1435 lb	1, 543. 73	3, 087. 46
Rice.....	29, 150 lb	. 520 lb	15, 158. 00	30, 316. 00
Salad oil.....	840 gal	4. 9583 gal	4, 164. 97	8, 329. 94
Butter.....	33, 056 lb	. 9553 lb	31, 578. 40	63, 156. 80
Cornmeal.....	4, 950 lb	. 16 lb	792. 00	1, 584. 00
Shortening.....	23, 850 lb	. 32 lb	7, 632. 00	15, 264. 00
Peanut butter.....	1, 650 lb	. 5387 lb	888. 86	1, 777. 72
Total.....			68, 153. 14	136, 306. 28

Senator CLARK. Thank you very much. You certainly have some striking figures of the increased cost and the value of this program.

I don't know whether you were present this morning when Secretary Yeutter talked about how they had considered these programs and talked with a number of groups. I quote directly from his testimony on page 5: "We have consulted widely with our cooperators

and food service professionals in outlining the steps that must be taken in managing this period of change."

I am curious about whether anybody in the Government, in the Department of Agriculture, has talked with your agency.

Mrs. HUFF. They have not talked with the Commission on Food, Nutrition, and Health. Mrs. Thornton is here.

Senator CLARK. There has been no discussion with you?

Mrs. HUFF. No.

#### STATEMENT OF LOIS B. EARL, CHIEF NUTRITIONIST, DISTRICT OF COLUMBIA DEPARTMENT OF HUMAN RESOURCES

Mrs. EARL. The only notice we received was a notice from the director who handles the commodity program, indicating that these foods would be terminated as of June 30.

Senator CLARK. So there has been no consultation?

Mrs. EARL. Not to my knowledge.

Senator CLARK. What is your name?

Mrs. EARL. Lois Earl. I am the nutritionist for the Department of Human Resources.

#### STATEMENT OF DORIS THORNTON, CHIEF, SUPPLEMENTAL FOOD PROGRAM, DISTRICT OF COLUMBIA DEPARTMENT OF HUMAN RESOURCES

Mrs. THORNTON. To date we have had no correspondence on discontinuing the food program.

Senator CLARK. Could not the District of Columbia Government take the cash necessary from the U.S. Government in lieu of commodities and combine it with other funds used to buy other foods for schools and families for the program?

Mrs. HUFF. As a private citizen, I would like to answer.

In lieu of the way we get our funds, the funds are always limited. We never know how much we are going to have for what. It would seem that the funds for human services are always the lowest on the totem pole. I certainly hope that the District of Columbia would not be burdened with this kind of problem.

I would certainly think that we would have to include staff, which I doubt very seriously those funds would cover, that we must have in order to administer such a program and to undertake a new undertaking.

It would have to come under the Department of Human Resources or create some other organization for handling it. The prices would be soaring.

Senator CLARK. You have one of the largest supplemental food programs in the country, do you not?

Mrs. THORNTON. This is true, and this speaks for the need in the District because we are dealing with low-income categories.

Senator CLARK. In summary, you feel that if we were to go to this kind of program, that it would be somewhat disastrous for the people of the District of Columbia. Is that an overstatement?

Mrs. THORNTON. As a nutritionist and one who deals with health

aspects, I am thinking about the program as I have thought about it, such as commodities for the recipients. I am thinking the possible out for us would be the Women and Infant Children program.

You are talking about two programs, one that would supply less food than we are now receiving from the Department of Agriculture.

I would say that it would be a hardship on the mothers, infants and children we are now servicing.

Senator CLARK. Does the District of Columbia Government purchase any commodities of its own for distribution or do you rely entirely on the Federal Government?

Mrs. THORNTON. Totally on the Federal Government.

Are you speaking of commodities?

Senator CLARK. Just commodities.

Mrs. THORNTON. Yes. The administrative cost is the District's. The commodities are totally Federal.

Senator CLARK. Thank you very much for your testimony. We appreciate it.

Next we are going to hear from a panel consisting of Maria Pappalardo, national representative, anti-hunger program, American Friends Service Committee; Pamela Coe, director, food resources program, North Central Regional Office, and Lorelei Means, community associate, Pine Ridge Reservation, North Central Regional Office.

**STATEMENT OF MARIA PAPPALARDO, NATIONAL REPRESENTATIVE, ANTIHUNGER PROGRAM, AMERICAN FRIENDS SERVICE COMMITTEE, PHILADELPHIA, PA.**

Miss PAPPALARDO. I am Maria Pappalardo, staff of the national antihunger program of the Community Relations Division of the American Friends Service Committee (AFSC).

I am pleased to have this opportunity to testify before this subcommittee on behalf of the AFSC and the Friends Committee on National Legislation. Since no one can speak for all Friends (Quakers), I speak only on behalf of those organizations already mentioned.

I am accompanied by two colleagues, Pam Coe and Lorelei Means, who would like to share their regional and local perspectives with this subcommittee.

The AFSC has worked with native Americans for many years and has been actively involved in assuring the rights of Americans to adequate food since the late 1960's. Based on that work, we would urge that the legislation under consideration be considered a necessary first step in a much-needed course of action.

Without question, if there were a guaranteed adequate income in this country, such legislation, even such programs as food stamps, would probably not be necessary.

As it is, the current situation demands that special legislation be passed to meet the special needs and problems faced by native Americans living on trust lands.

Special legislation must assure native Americans a choice between a nutritionally adequate commodity program and a food stamp program administered to meet their special needs.

If native Americans want to continue receiving commodity foods, that choice should be honored.

If native Americans choose a food stamp program, then legislation and regulations must be devised which will recognize:

The great distances which native Americans on trust lands must travel to county food stamp offices;

The great distances which native Americans on trust lands must travel to use their food stamps;

The limited access native Americans on trust lands have to supermarkets;

The dangers of further strengthening the hold of the trading post on native Americans;

The hostilities of many State and county personnel to native Americans;

The great difficulties native Americans, and many other poor people, have in accumulating sufficient cash to meet purchase requirements; and

The language difficulties faced by native Americans, especially in reading.

If a particular tribe chooses to have the food stamp program, it must be given the option of contracting directly with USDA to administer the program. The tribe must also be allowed to either run the program themselves or subcontract for administration.

If a tribe wishes to administer the program itself, thereby being considered a State, it must be allowed enough time to gain the needed expertise, during which time the tribe must not be left without food resources. And, given the poverty of most native American tribes, 100 percent administrative funding for operation of the food stamp program must be provided.

I would further recommend that tribes which choose to run the program themselves be assured adequate training and information, to be provided by the USDA and/or any other organization or agency they choose.

Senate bill 2871 is the minimum program which could begin to meet the needs listed above.

I would also urge that the family commodity program be continued for those who need and want it. However, at the least, the commodity program must continue for those programs mentioned in this legislation.

The foodstuffs provided by the commodity program are needed in times of national emergency and during disasters. In addition, such foodstuffs are needed for local emergencies. For example, in Philadelphia and other areas a number of community cupboards have been set up to help people over temporary emergencies. These cupboards are in great need of regular, adequate supplies of food.

Those schools and institutions which can make use of commodity foods and which wish to continue using them should be allowed their choice. Most importantly, the supplemental food program must continue. This program should have special legislation.

At the least, the commodities should be continued so that those pregnant women and infant children who are receiving the special foods, those who would like to receive those special foods can do so.

Mrs. Huff has given an indication of what it is like here in the District of Columbia, and it is true all over the country where the supplemental foods program exists.

In areas which have limited access to grocery stores, the Women and Infant Children program, based as it is on vouchers for special foods to be purchased in supermarkets, does not meet the needs of the people intended to benefit from the program if there are not nearby stores. In these areas, the old supplemental food program, as originally designed, does provide the additional nutrition needed by this group of individuals, namely pregnant women and infant children.

I might also mention that the supplemental food program needs administrative funding.

I will now turn to my colleagues. They will discuss some of the specific conditions on which this testimony has been based. May I introduce Pam Coe, director of the food resources program of the North Central Region of the AFSC, and Lorelei Means, a community associate of that program working on the Pine Ridge Reservation.

**STATEMENT OF PAM COE, DIRECTOR, FOOD RESOURCES PROGRAM,  
NORTH CENTRAL REGIONAL OFFICE, AMERICAN FRIENDS  
SERVICE COMMITTEE, DES MOINES, IOWA**

Miss COE. Thank you very much for the opportunity to testify. I am Pam Coe, director of the food resources program of the Friends Committee, based in Des Moines, Iowa. We cover the bread basket States of Iowa, Minnesota, Missouri, North and South Dakota, Nebraska, Kansas, and Colorado.

Our program is based on the premise that everyone has a right to adequate food, health services, education, and other basic human needs, especially during infancy and childhood, since deprivation in these areas during these vulnerable years handicaps the individual permanently.

It seems particularly wrong that so many children in low-income families grow up hungry in States which produce such a large proportion of the country's food.

Our program is particularly concerned to see that the federally financed food assistance programs operate to provide an adequate nutritional base for low income families. In only a few parts of the region I cover are family food programs, food stamps or commodity food programs, donated foods, operated to provide maximum benefits to people in need of more and better food.

In spite of its inadequacy, when the commodity goes out of existence on June 30, this year, the situation will worsen considerably, especially if all the programs using commodities are phased out at the same time.

The supplemental food program is particularly critical to low income families, especially to young children. Only 15 WIC—Women and Infant Children—grants totaling \$1,353,000 have been given to communities in the eight States served by our program, and almost half of these funds are going to one State—Colorado.

The same eight States have a total of 104 supplemental food pro-

grams donating extra, specially nutritious commodity foods to the same vulnerable age group at a dollar figure of some \$3,312,000.

The State of Iowa has only one WIC program but 31 supplemental food programs. Missouri has two WIC programs and 48 supplemental food programs.

The State of Nebraska has no WIC programs and one supplemental food program serving 2,000 people. North Dakota has no WIC programs and four supplemental food programs.

Among the specific communities with which we work which provide extra commodities through the supplemental food program is the Fort Berthold Indian Reservation in North Dakota.

If this program goes out of existence, a large number of young children in our region of the country will have to do without food they desperately need. It seems particularly cruel because the U.S. Department of Agriculture has so far refused contracts for WIC programs to communities which already have supplemental food programs.

If it was known this fall that the supplemental food program would not be in existence as of this coming summer, then in all fairness communities which now have supplemental food programs should have received priority consideration in the new WIC program.

The situation of Indian reservations in the area is particularly grave, as Mrs. Means will describe. I do want to mention the emergency situation which exists now in North Dakota for Native Americans living on trust lands, which I am sure you will hear more about later.

The State Department of Social Services has officially declared that they will not be able to administer the food stamp program on Indian reservations on the grounds that the State government lacks legal jurisdiction over those lands. Unless some corrective action is taken, Indian people living on trust lands in North Dakota will be without any family food assistance program at all by July 1 of this year, and the loss could include the supplemental food program on the Fort Berthold Reservation, and I am sure others.

Since a great many Indian families on reservations use commodities for their basic subsistence, there could be emergency hunger situations by midsummer.

There will probably be increased hunger anyway, even if there is a fairly smooth transition from the commodity program to the food stamp program. For many families, the food stamp program may be unworkable without some major changes in the way it is administered.

It is very important that the program be administered by the unit of tribal government most responsible to local people.

In many cases this means the district council. District governments should administer the food stamp programs in their own districts, just as counties administer the programs on behalf of State governments.

On the basis of a year's experience working with low income groups and individuals in the Midwest, I heartily concur with Maria Pappalardo's recommendation that the supplemental food program

should be continued, preferably on an expanded basis, at least until the WIC program is more generally available and provides food on a more flexible basis.

I would reemphasize that the bill you are now considering is the bare minimum to prevent massive hunger on Indian reservations.

Even if it is passed, there will probably still be major hunger problems unless the regulations are written to fit the situations on the reservations, and preferably with the general participation of native American people familiar with the general conditions and political realities of their tribes.

Since the food stamp program may be totally unworkable for many families which now depend on commodities, native American people living on trust lands should at least have a choice between the food stamp and commodity program. This may well be necessary for a considerable adjustment period, until major changes have been made in the local economic situation, for instance, great improvement in transportation systems and introduction of reasonably priced grocery stores.

These I would all consider stopgap measures, simply to avoid a disastrous increase in hunger. Mrs. Lorelei Means is our final witness and will put the meat on these bones.

**STATEMENT OF LORELEI MEANS, COMMUNITY ASSOCIATE, FOOD RESOURCES PROGRAM, NORTH CENTRAL REGIONAL OFFICE, AMERICAN FRIENDS SERVICE COMMITTEE, PORCUPINE, S. DAK.**

Mrs. MEANS. My name is Lorelei Means. I am a Community Associate of the American Friends Service Committee in the Porcupine District of the Pine Ridge Indian Reservation in South Dakota and a member of the American Indian Movement (AIM).

I am presently working with the Indian people of Porcupine to establish a free medical clinic there. We are hoping that the clinic will be able to assist in making the food stamp program, if and when we get it, available to the District people.

I would like to thank the Senate Subcommittee on Agriculture Research and General Legislation for allow me this time to speak.

As I have been in Porcupine for the past year working with grass roots people in the district, I have got a good idea of how much people depend on the family commodity program. As the family commodity program will end June 30, 1974, the effects on the grass roots people of Pine Ridge will be disastrous.

If this bill, S. 2871, is passed, however, there will still be problems. The tribal councils will be the only agency allowed to administer the food stamp program on the reservations. Because of the recent political polarizations on Pine Ridge Reservation, those people supporting the present tribal administration will be the only ones to completely benefit from food stamps. Only tribal administration supporters currently have few jobs available on the Pine Ridge Reservation.

Those people known to oppose the current tribal administration will be badly hurt, through discrimination, for the next 2 years—the

term of government for the tribal administration—if the council is solely responsible for the food stamp program.

For example, already over the past few years the Porcupine District has lost out on a number of programs on the reservation because the tribal administration feels it is an AIM stronghold.

And, if the current tribal council runs the food stamp program, it is unlikely that any effort will be made to make it easily available outside the Pine Ridge village.

On reservations like Pine Ridge with district councils there needs to be a guarantee that the program is equally administered in each district. Each district should be considered similar to a town and be able to run its own food stamp program.

That would mean each District would have its own certifiers, food stamp sellers and Outreach workers. If the districts are not given control of the food stamp program, the U.S. Government will be solely responsible for the actions taken by the district people in response to frustration and starvation.

This is a condition that would only perpetuate the situation that led to Wounded Knee in 1973.

The long history of the practice of fraud, illegalities and cheating by the trading posts against native Americans is well known. For, example, in talking with reservation people who participated in the recent occupation of Wounded Knee, I was told how they found rows and rows of commodity foods in the basement of the trading post. These were foodstuffs which the traders accepted as payment against debts.

Doubtless, these trading posts will do the same with food stamps, accepting them as payment even though that is illegal. The trading posts will raise prices when the food stamp program begins.

Many people of the Porcupine District do not speak English well, and cannot read or write English well. Again, there is the danger of people being cheated, or at the least grossly misunderstood and thereby losing benefits.

The distances to off-reservation stores will be another problem. Many Indian people do not have cars and must pay to be driven around. They will be forced to buy at the trading post, providing a captive audience subject again to being cheated.

More than just the tribal council should be responsible for running the food stamp program. People should be allowed to certify and sell stamps out of mobile units, from the clinics, at various district halls. And, people must be able to purchase stamps locally. If a mail system is used, the 2 weeks it will take, during which people are without both food and money will bring many people to the edge of starvation. There must be provisions also for emergencies.

Because of the great distances involved in getting around reservations. I would recommend that native Americans be allowed to deduct transportation costs from income.

Having the program run by native Americans without having the State administer the food stamp program will preserve the sovereignty of Indian nations.

In talking with Parent Child Centers on both Porcupine District and Kyle District of the Pine Ridge Reservations, I have learned

that they have never even heard of either the WIC or the supplemental food program. Just as we learn about these programs, the Government is planning to stop the supplemental food program.

This failure to let the people know about a program which has been available for 5 years is but one indication of the problems which the people face when the same administration tribal is given responsibility to run the food stamp program.

These problems must be taken into account in any food program which is to operate on Indian reservations.

I am a resident of the Porcupine District and 7 months pregnant. I am concerned, as many district mothers will be, for my child's survival. You might as well shoot me in the back if I have to starve and my child has to starve.

Senator CLARK. Thank you very much. We appreciate your testimony. I am trying to think of a way to really summarize what the three of you have said.

It was pointed out to me that in a letter dated in January of this year from Mr. Charles Trimble, executive director of the National Congress of American Indians, who I see is a witness this afternoon, a letter to Secretary Butz, contained in the working papers of the Select Committee on Nutrition and Human Needs, there is summary which seems to me to include everything you have said, trying to do it in a couple of sentences. It says, "In summary, the following measures are suggested by the National Congress of American Indians:

(1). To extend the existing commodity food distribution program from June 30, 1974, to June 30, 1975 so that we have that commodity program in this interim period, at any rate.

(2). To modify Public Law 93-86 or create new legislation adopting the Food Stamp Program to better serve Indian Reservations, including provisions for options for tribal administration of the program.

That is the sort of thing it seems to me you are talking about.

"Ancillary Services Development and Educational and Information Services."

Does that pretty much summarize or do you think that there ought to be more, that you go beyond that?

MISS PAPPALARDO. I think we go a little bit beyond in trying to point out that simply saying just let the tribes do it will not solve the problems. There are many problems that are simply inherent in these reservations.

The support of the trading post system, where are the other grocery stores that people can get to to use their stamps the best?

Those are some of the things where we go into more specifics. This is the beginning legislation. The legislation S. 2817 is a start. It needs to go much beyond.

Senator CLARK. So you are strongly in support of that legislation as a beginning point?

MISS PAPPALARDO. As a base. And also with a recognition of the way some reservations are, with tribal councils and district councils. Just as in some States they did not want to administer the program in every county, so it is with tribal councils having difficulties with some of their districts. There should be some way to ensure that there is equal administration to the best advantage of all the people on the reservations, regardless of what particular district they live in.

There should be some particular consideration for those political realities which do exist.

Senator CLARK. I think the committee, and I am sure Senator McGovern, would be interested in any specific suggestions you might have as to how that could be done.

I can see it would be a problem for the reasons that Mrs. Means particularized in her testimony. I can see, certainly, that you run into difficulties.

I think the problem is to know how to write a bill which allows for that and makes it administratively possible to do it.

We thank you very much for your testimony. We appreciate it.

The committee will stand in recess until the hour of 2 o'clock, at which time we are going to hear from James Mack, Calvin Fisher, Charles Trimble, and Jonathan Taylor.

[Whereupon, at 12:35 p.m., the subcommittee recessed, to reconvene at 2 p.m., the same day.]

#### AFTERNOON SESSION

Senator HUDDLESTON [presiding]. The committee will come to order. We will resume the hearings.

The witness this afternoon is James E. Mack, general counsel, Peanut Butter Manufacturers and Nut Salters Association.

#### STATEMENT OF JAMES E. MACK, GENERAL COUNSEL, PEANUT BUTTER MANUFACTURERS AND NUT SALTERS ASSOCIATION

Mr. MACK. I am James E. Mack, general counsel, Peanut Butter Manufacturers and Nut Salters Association which, as the name implies, is the National Trade Association of Peanut Butter Manufacturers, Nut Salters and Supplies to the industry.

This appearance is entered in support of S. 2871. For many years peanut butter has been an integral part of the school lunch program nationwide of the U.S. Department of Agriculture. We believe it is in the interest of the school children and the Nation to have this Federal Government distribution of peanut butter made through the school lunch program.

Children like peanut butter. While food authorities might have different opinions about various foods, they seem to be all in agreement that peanut butter is one of the finest foods for high protein value.

Peanut butter is a food which children like. It is a food which nutritional authorities agree they should eat. There are not so many foods which so qualify, which is indicated by the fact that the Department of Agriculture Food and Nutrition Service specifies peanut butter as a meat alternate for a Type A school lunch meal.

We recognize that the Department of Agriculture would like to get out of the commodity distribution business, and we respect their business philosophy. In this instance, however, we think it is in the interest of the Nation to keep school children eating the excellent protein food of peanut butter which they like so well.

It is recognized that the Department favors continued operation

of Federal Government school lunch financial support, but would do so by means of cash payments in lieu of the direct providing of food supplies. In this connection, if the cash payment system is restored to, it is pointed out that the schools could buy peanut butter and such other foods as they desire and that undoubtedly there would be significant quantity purchases of peanut butter.

The reason for our favoring the direct distribution of peanut butter rather than having school authorities purchase it on the open market is an obvious one. Even assuming school authorities should expend an amount in dollars equivalent to the amount the Department of Agriculture spends to purchase peanut butter, the quantity of the peanut butter obtained for child consumption would be much less.

Under the current program the Government invites competitive bids. The peanut butter then is processed, packed and shipped in accordance with Department of Agriculture specifications; and the Government and the school children get a lot of peanut butter for the money.

Peanut butter distributed through the schools when acquired in this manner involves larger containers, quantity shipments and reflects primarily the cost of the peanuts, of processing, packing and shipping. The children simply would get much less peanut butter if it were purchased individually and directly by State and local authorities than if acquired by the current central purchase program of the Government.

Senator HUDDLESTON. Thank you, Mr. Mack.

The nature of your testimony indicates to me that in addition to being a learned counselor, you must be quite an effective salesman. You have done exceptionally well. On the matter of special packaging, is this a type of packaging that is not available on a retail level?

Mr. MACK. The Department specifies the size of the container, and they are large containers. The peanut butter may be packed either in tin or glass. Frequently, and most of the time, the tin containers prevail.

Senator HUDDLESTON. This is a method that allows you to do it at much less cost?

Mr. MACK. This way the only costs involved are the peanuts, the processing, the packing and the shipping.

Senator HUDDLESTON. If they did switch to an all cash program, what method will you use then to sell your product?

Mr. MACK. Each of our manufacturers and/or distributive outlets would contact individual purchasing authorities. Presumably in some cases, it would be an entire State. It might be a county, or it might be an individual school.

Senator HUDDLESTON. At any rate, it would require more effort on your part, or more expense, and the net result would be that the school district might get less for the dollar spent than it is now getting?

Mr. MACK. Yes.

Senator HUDDLESTON. Thank you very much, Mr. Mack, for your testimony.

I would like at this time to include in the record a statement from

Senator Eagleton of Missouri, and to have the statement of Senator Metcalf placed in the hearing record, along with certain attachments.  
[The statement of Senator Eagleton follows:]

STATEMENT OF HON. THOMAS F. EAGLETON, A U.S. SENATOR FROM THE STATE OF MISSOURI

Mr. Chairman, I appreciate the opportunity to submit for the consideration of the Subcommittee on Agricultural Research and General Legislation a statement in support of S. 2871 which would authorize and direct the Secretary of Agriculture to use funds available under Section 32 of Public Law 74-320 and Section 416 of the Agricultural Act of 1949 to purchase and donate foods to local school districts for use in school lunch programs.

In recent testimony before committees of the Congress, Department of Agriculture officials have disclosed their plan to terminate the distribution of foods to school by June 30, 1975. Instead, schools would be given an "equivalent" amount of cash assistance.

School food service officials in Missouri have told me that the elimination of government-donated commodities would be a severe blow to the ability of school districts in my state to provide low-cost nutritious lunches to school-children.

During the last school year, 2,789 schools in Missouri served a total of 99,222,024 Type A lunches. An average daily participation of 581,000 children represented 51.8 percent of enrollment in participating schools and 61.2 percent of average daily attendance.

Of the total cost of the school lunch program in Missouri, 41.2 percent is covered by child payment, 38.7 percent by federal aid in the form of cash and commodities, 19.2 percent by local funds, and .9 percent by state funds.

Since the beginning of the National School Lunch Program, government-donated commodities have been the backbone of this program in Missouri. In fiscal 1948, donated commodities covered 10 percent of the cost of the program. During the 1972-73 school year, commodities covered 11.8 percent of program costs.

During that school year, 371 train carloads of foods, with a wholesale value of \$6,842,099, were received and distributed to participating schools. An additional \$1,705,545 in cash in lieu of commodities was distributed to schools when USDA was temporarily unable to purchase sufficient food.

As this Subcommittee well knows, commodities have been purchased and delivered to schools under three authorities: Section 6 of the National School Lunch Act, Section 32 surplus removal authorities, and Section 416 price support authorities. During the past several years, commodities have been donated to schools from these three sources in an amount roughly equivalent to seven cents per lunch.

When, during the 1972-73 school year, the Department of Agriculture found it was no longer able to purchase sufficient foods under the surplus removal and price support authorities to meet its commitment to schools, Congress acted to alleviate this situation in two ways.

First, Public Law 93-59 authorized cash donations in lieu of commodities to make up for the shortfall in donated commodities during fiscal 1973. It was under this authority that Missouri received \$1,705,545 during that fiscal year.

Later, Public Law 93-150 made permanent the authority for the donation of cash in lieu of commodities when this becomes necessary in order to meet programmed levels of commodity assistance.

Second, Section 4(a) of Public Law 93-86 authorized the Secretary of Agriculture to use funds available under surplus removal and price support authorities to purchase foods on the open market for donation to schools and other food assistance programs. This authority expires on June 30, 1974.

S. 2871, the bill now before the Subcommittee, would extend that authority and direct the Secretary of Agriculture to use it in order to maintain traditional levels of commodity donations to school lunch and other food assistance programs.

Mr. Chairman, in my view it is essential that the donation of commodities to schools be continued.

School lunch officials in Missouri have indicated to me, and witnesses before the Senate Select Committee on Nutrition and Human Needs have testified.

that it would be impossible for local school districts to buy the quantity and quality of food that the Department of Agriculture can buy with an equivalent amount of money per lunch.

First, prices to school districts would inevitably be higher because they would buy in smaller quantities than the Department of Agriculture.

Second, most school districts do not have the expertise, access to national markets, or storage facilities that enable USDA to make mass purchases at the time of year when prices are lowest.

Third, USDA inspection and grading capabilities which insure the high quality of donated foods could not be duplicated at the state or local level.

Mr. Chairman, school lunch programs across the country are already faced with a combination of increasing food prices and decreasing participation. They must not be thrown another curve in the form of a precipitous end to commodity donations.

I urge your Subcommittee to approve legislation requiring the Department of Agriculture to continue to purchase and donate foods for use in school lunch programs as well as for other purposes, including day care centers, summer recreation programs, nutrition programs for the elderly, supplemental food programs for mothers and infants, charitable institutions, and disaster relief.

Furthermore, I believe it should be noted that schools are already experiencing a decline in commodity assistance as a result of both decreases in funds programmed for commodity purchases and the erosion of the food value of those purchases by increased food prices.

In fiscal 1973, the combined value of donated commodities and cash in lieu of commodities totaled \$315,364,000. During the current fiscal year, it is estimated that the value of commodities donated to schools will total \$313,700,000. The budget for fiscal 1975 contemplates the donation of commodities with a value of only \$290,000,000. This represents a \$23.7 million decrease in commodity donations next year even though the number of lunches served is expected to remain level and the number of breakfasts served is expected to increase by 25 million.

Mr. Chairman, if school lunch programs are not to be adversely affected it is necessary not only to maintain commodity assistance but to maintain the level of that assistance. Therefore, I urge that your Subcommittee also consider amending the National School Lunch Act to provide that the value of commodities donated to schools—or of cash donations in lieu of commodities—be increased as the cost of food increases.

U.S. SENATE,  
COMMITTEE OF INTERIOR AND INSULAR AFFAIRS,  
*Washington, D.C., March 27, 1974.*

HON. JAMES B. ALLEN,  
*Chairman, Senate Subcommittee on Agricultural Research and General Legislation, Dirksen Office Building, Washington, D.C.*

DEAR CHAIRMAN ALLEN: Attached is my statement in which I am joined by Senator Mansfield, on the bill, S. 2871, the subject of your current hearings.

We would be grateful if our joint remarks together with the supporting data, also enclosed, might be made a part of the printed record of hearings on the measure.

Thank you very much for your courtesy.

Very truly yours,

LEE METCALF,  
*U.S. Senate.*

Attachment.

STATEMENT OF HON. LEE METCALF, A U.S. SENATOR FROM THE STATE OF MONTANA

Mr. Chairman, I appreciate the opportunity to present a statement urging enactment of S. 2871. Senator Mansfield, also a cosponsor of the measure you are now considering, has read my testimony and wishes to be associated with it.

We would be grateful if letters and statements from our constituents supporting the bill might be included in the printed record of hearings.

As we know, the Department of Agriculture has misread the intent of Congress by attempting to phase out all commodity purchase programs when it was our clear intent that only the family commodity program should be replaced by a Food Stamp system.

Montana has benefitted enormously from the commodity purchase program and would lose enormously if, as has been threatened, the Federal Government were to cease purchases for schools, institutions and, under the family commodity authority, Indian people.

We believe that Congress acted wisely in providing for a uniform food stamp system for families nationwide. Particularly in urban areas, food stamps are a simpler means of feeding hungry people while providing them a free choice in selection. However, for Indian tribes it is not a practical system at this time and commodity purchases and distribution should continue.

Further, respecting school lunches, the State Superintendent of Public Instruction says in a letter of 19 March that cash payments in lieu of commodities are less than "the cost of obtaining equivalent food at the local level."

With budgets already strained beyond capacity and the lines at the revenue sharing window lengthening, where will local communities find the resources to continue institutional support and school lunch programs?

Mr. Chairman, at present there are 70 institutions in our State receiving food commodities serving nearly 8,000 people. Last month I forwarded to you a list of these institutions and you graciously agreed to make the list and Mr. Carlson's letter a part of the hearing record.

Mr. Jack R. Carlson, Administrator of the Economic Assistance Division for Montana, has submitted a statement for the Committee's consideration. He points out that of the total number of service institutions in Montana, the seven which are State supported used \$54,419.38 in food supplementation during 1973.

In addition to the service institutions cited in Mr. Carlson's list, there are 521 public schools in Montana receiving food commodities for school lunch programs and 33 who receive them for breakfast programs. At wholesale last year, these commodities had a value to the State of Montana of \$1,479,036 for the school alone. This figure includes the cost of foods to private schools, which themselves cover the costs of handling and distribution. The figure is an estimate of last year's value and would require adjustment upward to reflect inflation since then.

Further upward adjustment would be required for all but a few of Montana's school districts if they were forced to purchase food on the open market, because as small, rural communities, they cannot have the advantages of quantity buying.

Finally, because of the rigidity of the Department of Agriculture interpretation of the Conference Report on the Agriculture Bill, there is a third group in Montana that will be adversely affected unless Congress spells out its intent as proposed in S. 2871. I refer to our seven Indian reservations.

The tribes are receiving and distributing commodities to their members in an efficient and established system. Because of their rural setting and the distances to be travelled in all kinds of weather, and because of the high cost of food in the few stores that do business on the reservations, a food stamp program is not practicable. The tribes are not prepared at this time to effect the change and should not be required to do so.

Under a different Administration, very probably the Department would find that Congress meant what it said in calling for a nationwide food stamp program, "except where impossible or impractical" and would exempt Indian tribes from its application. But this is not a different Administration and Congress must therefore be specific.

It is our understanding, Mr. Chairman, that you have generously reserved time for Mr. Roland Kennerly, Chairman, Montana Inter-Tribal Policy Board, to present testimony in behalf of Montana's Indian people.

In this connection, Senator Mansfield and I would like to call your attention to supporting documents we have received from two of our tribes that are representative of the attitudes and problems which Mr. Kennerly will address in detail. We would be grateful if correspondence from the Chairman of the Business Committee, Chippeva-Cree Tribe, and from the Supervisor of the Commodity Program, Blackfeet Indian Reservation, may be included in the record.

I hope that your Subcommittee will see fit to approve S. 2871 and that the full committee will promptly adopt the measure. Senator Mansfield has said he is eager to assist in any way he can in moving the bill quickly through the Senate, should the Agriculture and Forestry Committee recommend its enactment.

STATEMENT OF JACK R. CARLSON, ADMINISTRATOR, ECONOMIC ASSISTANCE DIVISION, DEPARTMENT OF SOCIAL AND REHABILITATION SERVICES, HELENA, MONT.

I very much appreciate the opportunity to present a statement to the Subcommittee indicating the support of the State of Montana for S. 2871.

The continuation of commodities programs for schools and institutions and the need to allow Indian tribes to administer their existing commodity programs until the transfer to food stamps can be formulated, are of vital importance to the State of Montana.

The current food distribution program serving Indian tribes has been scheduled for discontinuation effective 1 July 1974. It is essential that an adequate and equitable transition arrangement from commodities to food stamps be assured.

We in Montana strongly believe that the food stamp program would be more acceptable to the Indians if they are allowed to administer the program themselves, and thus better integrate this program with other essential assistance.

There are seven Indian reservations in Montana. Currently only one of these recognizes the jurisdictional and legal authority of Montana State law. The others have elected to ignore current Montana statutes. It is easily apparent that this situation makes program administration on the reservations extremely difficult for State authorities. We cannot prosecute for fraud, nor do we have sufficient enforcement powers to assure equitable and uniform program administration on each reservation.

We also support Indian self-administration of this and other programs because of the unique tax base situation. Reservation land is not subject to taxation by the State of Montana. Funds for administration of assistance programs are singularly dependent upon the local property tax base and, as has been stated, Indians are exempt from this assessment. As a result, a number of the counties in Montana are extremely reluctant to provide funds for the support of programs on the Indian reservations. This situation makes the obtaining of funds for personnel for certification of eligibility and for issuance of food stamps most difficult at best. We would strongly recommend that in order to assure equity and uniformity of the programs on reservations that Federal funding be established at 100 per cent.

Our years of program administration within the State have convinced us of the advisability and, I might say, the necessity, of allowing the Indian tribes to develop their own standards for qualifications of personnel to certify the Indians for food stamps. The State of Montana vigorously endorses expanded participation by minorities. We, however, regret to say that difficulty has been encountered in obtaining persons of Indian descent who can compete by passing the State's merit test and other established criteria for employment.

In Montana our public assistance programs are administered by the counties. If the various tribes were granted administrative control of their own programs, they would be better able to provide services on an equitable formula to their total population without the impediment of multi-jurisdictions. As can be seen, this will provide simplification of program administration.

The swift passage of S. 2871 is essential to the State of Montana in another vital area, and that is in benefits which accrue to our various State and private institutions. In 1973, seven Montana State Institutions received in excess of \$54,000 in nutritional supplementation. Mr. Edwin G. Kellner, Director of the Department of Institutions has recently advised me that should this critical source be discontinued an extremely difficult situation would be created. The current food budgets for the institutions have already been established for this biennium, as termination of this program was not anticipated when appropriations were made.

In the second year of this biennium, to purchase at market prices the items currently received as commodities could cost the State a projected \$140,000.

In addition, there are currently some 70 summer camps which provide necessary special food supplements to children in the State of Montana. The discontinuance of this program would severely hinder these camps' ongoing operations.

Mr. Chairman, I hope that the foregoing brief remarks may in some way impress upon the Committee the critical need for the continuation of this most worthwhile and humanitarian program.

STATE OF MONTANA,  
SUPERINTENDENT OF PUBLIC INSTRUCTION,  
Helena, Mont., March 19, 1974.

HON. LEE METCALF,  
U.S. Senate,  
Washington, D.C.

DEAR SENATOR METCALF: I am delighted to commend you for sponsoring the bill, S. 2871, to amend the Food Stamp Act of 1964.

There are several reasons why we endorse your measure:

1. The number of Montana schools and children participating in lunch and breakfast programs has shown a continued and substantial increase. These schools have traditionally placed great reliance on the availability of USDA donated foods to reduce program costs.

2. Although the law provides for a cash payment in lieu of donated foods, the cost of obtaining equivalent food at the local level is more than the cash payment.

3. Any cash payment in lieu of commodities will not be made until near the end of the program year. This factor will place great stress on school food budgets until the cash payment is received.

As you are undoubtedly aware, school food programs make a substantial contribution to the physical and mental development of Montana's children.

Through this particular effort, you have again demonstrated the fine quality of congressional representation that you provide for the citizens of the state.

Sincerely,

DOLORES COLBURG,  
State Superintendent.

BROWNING, MONT., March 7, 1974.

Re Blackfeet Tribal Commodity Program.

HON. EARL L. BUTZ,  
Secretary of Agriculture,  
Washington, D.C.

DEAR MR. SECRETARY: The Blackfeet Tribe, acting by and through the Blackfeet Tribal Business Council, has administered a Commodity Program here on the Blackfeet Indian Reservation for the past five (5) years. The program has been highly successful. As you are well aware, the recent thinking at the national and state level to replace the Commodity Program with the Food Stamp Program has caused a great amount of concern among the twelve thousand (12,000) members of the Blackfeet Tribe. Concern has also been expressed at the county and state levels by persons in positions to weigh the merits of the two (2) programs and their advantages to the Indian people in the State of Montana and elsewhere.

The purpose of this letter is to advise you, at the request of the Blackfeet Tribal Business Council, of the obvious merits of the Commodity Program here on the Blackfeet Reservation and of our reasons for wanting the program to continue and not be replaced hastily by an unworkable Food Stamp Program as it is proposed. The following is information upon which the Blackfeet Tribe relies for its above stated position. The information cited below is gathered from five (5) years experience as the Blackfeet Tribal Commodity Program supervisor and from various surveys concerning the program conducted on the Reservation.

1. The Blackfeet Indian Reservation covers 1.5 million acres or is approximately sixty (60) by eighty (80) miles in size. Therefore, mileage, severe year around weather conditions, transportation coupled with its rural setting become major factors when considering the pros and cons of a Commodity versus Food Stamp Program. The Commodity Program allows on site delivery of food to the various outlying rural areas on the Reservation whereas the Food Stamp program does not provide this service. The various communities scattered over the Reservation and their distances from Browning, the geographic center of the Reservation, are as follows:

1. Heart Butte—36 miles.
2. East Glacier—14 miles.

3. Birch Creek—40 miles.

4. Babb—42 miles.

5. Star School—7 miles.

The foregoing are the major communities to which the Commodity Program currently delivers food stuffs. A Food Stamp Program, such as that proposed by you, would require at least two (2) round trips by each participating family monthly. The Blackfeet Reservation touches two (2) counties, the largest area is covered by Glacier County to the east and the smaller area by Pondrea County to the south and southeast. Difficulties also present themselves in relation to the great distance which must be traveled to reach the county seats. For example, travel from the community of Babb, Montana, in the far northwestern corner of the Reservation to Cut Bank, Montana, the county seat is seventy (70) miles one way. With the location of the Reservation at the foot of the Rocky Mountains and with Glacier National Park's eastern border to the west, severe weather and wind conditions are present during the entire year. These factors present tremendous inconvenience and safety considerations which we feel must weigh heavily in any future decisions regarding the Commodity or Food Stamp Programs on the Blackfeet Indian Reservation.

2. The Blackfeet Tribe has gone to considerable expense to construct a building of ten thousand square feet (10,000 sq. ft.) to expedite the Commodity Program. At present there are two (2) full time and ten (10) part time employees in the program. The Tribe has made additional large cash outlays to insure the continuation of the Program. On an average twenty-five hundred (2,500) people are served by the Commodity Program per month and if the Program is discontinued and replaced by the Food Stamp Program many of these persons would by necessity be compelled to cease participation.

3. The present building and related facilities allow for self service type of food distribution which the participants have found to be very accommodating. Approximately six (6) individuals are certified to handle certification for the Commodity Program. During a period of five (5) years these people have been trained on-the-job and are now highly qualified in their employment field. It is the general feeling across the Reservation that the Food Stamp Program would be unworkable in this particular community because of the above reasons. In addition, I again emphasize that the size of the area served, road and weather conditions, inadequate transportation and the high cost of retail foods, which will continue to increase rapidly, are the primary concerns in making a transfer from one program to another.

4. Transportation rates have recently increased very dramatically. Because of the rural setting and very often isolation, food costs are high in all communities on the Reservation. A low density population increases costs because of lower volume buying by retailers.

5. Recently a comprehensive survey was conducted across the Reservation community with seventy-five percent (75%) of the Commodity Program participants desiring to continue the current program. Only twenty per cent (20%) of the Commodity participants indicated a desire to participate in a Food Stamp Program on a trial basis.

6. The Blackfeet Tribe has applied for and received various program funding related to the Community Action Program which deal with nutrition and the preparation of Commodity Program foods. It is the feeling of the Blackfeet Tribal Business Council that these programs have been successful and that much would be lost if a complete dietary change would occur. With the current program basic dietary staples are provided at no cost to participants.

7. In summary, it is the opinion of this writer and of the Blackfeet Tribal Business Council that the overall needs of the Reservation and Indian tribes of the State of Montana can best be served by the Commodity Programs as they presently exist on the reservations. The Montana Inter-Tribal Policy Board and the Blackfeet Tribal Business Council have passed resolutions to this effect and are attached to this letter for your information. The Montana Inter-Tribal Policy Board represents at least forty thousand (40,000) Indian people in the State of Montana. The present program directly and indirectly touches most of the entire population residing on the reservations in this state.

8. The feeling of the Blackfeet Tribal Business Council and myself as local Supervisor of the Commodity Program is that if the Commodity Program must be terminated as it presently exists then a transition period of from one (1) to two (2) years be granted in which to acquaint the participants, agency representatives, program directors and other administrative groups with the planned programs and additional funding of supportive programs to make the transition workable, smoother and more acceptable to all levels of involvement. All reservations within the State of Montana have similar problems and want to be allowed recommendations regarding their particular problems and solutions to these problems.

A copy of this letter is being forwarded with the previously mentioned resolutions to our Montana Congressional Delegation. They have received advance literature on our request recently and any questions you may have regarding the desires of the Blackfeet Reservation can be varified with these Congressional Offices.

Respectfully submitted,

VICTOR CONNELLY,  
*Supervisor, Blackfeet Commodity Program,  
Blackfeet Indian Reservation.*

RESOLUTION

(Number 52-73)

Whereas the Blackfeet Tribal Business Council has been advised that the Surplus Commodity Foods Program is scheduled to be phased out July, 1974, and

Whereas the Blackfeet Tribe has a Surplus Commodity Foods Program in operation on the Blackfeet Indian Reservation: Now therefore be it

*Resolved* That the Blackfeet Tribal Business Council does hereby oppose this proposed phasing out of the Commodity Foods Program for the following reasons:

1. Some families here on the Blackfeet Indian Reservation have no income whatsoever. It may be hard to understand but there are some of our people who are too proud to apply for public assistance of any sort.
2. The Commodity Foods Program is a boon to all our indigent families. Knowing that certain food items are coming to them, they use their small income for other necessary food items.
3. The Commodity Foods Program provides needed employment to members of the Blackfeet Tribe, two permanent, and approximately 20 during days foods are issued.
4. As the Commodity Foods Program is brought to the outlying communities during inclement weather, this is of great benefit to those families without transportation.
5. The Town of Browning has only one store; a Food Stamp Program would not be feasible as this one store cannot accommodate all the people of the Blackfeet Indian Reservation and travel to the nearest town (35 miles), is a physical impossibility for many of the Blackfeet people.

EARL OLD PERSON,  
*Chairman, The Blackfeet Tribe of the  
Blackfeet Indian Reservation.*

Attest:  
CARL A. KIPP,  
*Secretary.*

CERTIFICATION

I hereby certify the foregoing resolution was adopted by the Blackfeet Tribal Business Council in duly called, noticed and convened special session assembled the 7th day of November, 1973 with eight members present to constitute a quorum.

DENNY DRISCOLL BOYS' HOME,  
Butte, Mont., January 11, 1974.

Senator LEE METCALF,  
U.S. Senate,  
Washington, D.C.

DEAR SENATOR METCALF: Enclosed please find a copy of the statement that I received from the Social Rehabilitation Services for the State of Montana regarding institutions receiving commodities. As you can see from this letter, the Department of Agriculture will be terminating most of their programs concerning commodities.

I feel this is a very grave injustice not only to institutions already on bare-boned budgets, but to the people these institutions are trying to serve. I am sure it will force some of these programs to close or to seriously limit the number of people they will be able to service. Therefore, I very strongly recommend that every possible means be taken by the Senate and House of Representatives to rectify this matter before July 1, 1974.

As an example, in Butte, Montana, we are trying to operate a Boys' Home which is designed to keep youngsters from going to our State Correctional Institution, where they would receive a record which would seriously handicap them for the rest of their lives. If our institution, namely the Denny Driscoll Boys' Home, cannot rely on a worthwhile program such as the Commodities Program, we would be faced with a very extreme financial burden on our already over-taxed budget. In reality, this could very well force our institution and others like it throughout the nation to close its doors, curtailing these services to youngsters and creating in turn a great financial burden on the individual states and federal government.

Hope that you will be able to talk to your other constituents to see if this can be rectified so this surplus Commodities Program will not be lost. If there is any type of statistics or verifications I can help supply for this program, please notify me.

Thanking you for your time and consideration.

Sincerely,

Rev. J. F. FINNEGAN.

Attachment.

STATE OF MONTANA,  
SOCIAL AND REHABILITATION SERVICES,  
Helena, Mont., September 25, 1973.

Mr. JOHN WINDY BOY,  
Chairman,  
c/o Rocky Boy Tribal Council,  
Bow Elder, Mont.

DEAR MR. WINDY BOY: Our office has received word that the Commodity Food Distribution Program, according to Public Law No. 93-86, approved by Congress August 10, 1973, includes: "states are required to submit a plan prior to January 1, 1974 to implement the Food Stamp Program in every political sub-division in the state no later than June 30, 1974 except where they can demonstrate that such implementation is impossible or impracticable."

At this time we are not able to offer an exact interpretation of this act other than the State of Montana Food Distribution Program will be phased out by June 30, 1974. Therefore, it would be highly impractical for this state agency to implement any of our plans or commit any Federal monies to improve the Commodity program at your reservation, or county in light of the news which we have received. We would like to suggest to you that letters of protest be written to the U.S. Department of Agriculture in regards to further information this matter. You may direct your correspondence to:

Dr. Clayton Yeater  
Assistant Secretary of Agriculture  
Washington, D.C.

or by calling 202-447-4623. We will do everything in our power to continue the Food Distribution Program in this state, but there is unity in numbers and we need your support if we are to carry on the program.

Please notify us if you have further information or possible suggestions in this matter, a speedy reply will be appreciated.

Sincerely yours,

CHARLES WILLIS,  
*Supervisor, Commodity Distribution Program.*  
 MICHAEL F. WEGGENMAN,  
*Field Representative.*

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THE CHIPPEWA CREE TRIBE  
 OF THE ROCKY BOY'S RESERVATION,  
*Box Elder, Mont., September 28, 1973.*

HON. LEE METCALF,  
*Senate Office Building,*  
*Washington, D.C.*

DEAR SIR: On the 25th of September, 1973, we received a letter from Mr. Charles Willis, Supervisor, Commodity Distribution Program and Mr. Michael F. Weggenman, Field Representative, Social and Rehabilitation Services, State of Montana, informing us that it may come about that our Commodity Food Distribution Program may be discontinued.

The Commodity Food Distribution Program here on the Rocky Boy's Reservation provides a great deal in the way of assistance to the survival of our people and we as the Business Committee are once again seeking your assistance in keeping such an important form of assistance on our reservation.

Any assistance that you could give us in keeping this program in effect will be greatly appreciated.

Thank you,

JOHN WINDY BOY,  
*Chairman, Business Committee, Chippewa-Cree Tribe,*  
*Rocky Boy's Indian Reservation.*

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MARCH 19, 1973.

#### Reference Food Stamps.

DEAR CONGRESSMAN: We are presently faced with a most serious situation on the Fort Peck Assiniboine and Sioux Indian Reservation regarding the problems our people are having in obtaining *Food Stamps*.

Currently, as of this date (03-19-73) 938 people are receiving general assistance or public assistance from various social service agencies, this does reflect several things and does not reflect many other things:

Unemployment is estimated at over 65% of the labor force, the Fort Peck Tribal Industries, Poplar, Montana, and C&M Construction have curtailed major employment opportunities within their agencies due to: 1). Lack of contracts, and 2). Freeze on new housing contracts.

Other employment in and adjacent to our reservation is low and seasonal labor opportunities are seriously diminished due to: mechanization of many farms, feed lot operations, and related factors.

Additional individuals have been cut-off of General Assistance from Social Service agencies for a number of reasons and problems in meeting GA payrolls within existing agencies.

Serious problems in regards to holding our *OEO Grant* and *Manpower contracts* are evident that will significantly increase the socio-economic needs of our people.

Our people have at this time presented many of these problems, and individual problems regarding their inability to obtain foods stamps to their councilmen and tribal officials. We note that in many instances, receipts, and supportive data USDA officials require for certification to receive food stamps are not kept by many of our heads of households.

We have a Operation Mainstream and NYC program and feel that the meager income obtained through EOA funds should be excluded from the means test utilized to qualify for food stamps, we feel that this factor seriously presents a barrier, for many to desire to go back on general assistance or another

form of public assistance as the net income through welfare is higher in many instances than it would be if a head of household worked as a Manpower trainee.

Employment opportunities are at this time diminished and this factor, compounded with the problems of obtaining food stamps and related personal and economic problems present the residents of our reservation with a very grave future.

On behalf of the Assiniboine and Sioux people and our tribal government, we respectfully request your early review and examination of this problem. We stand ready to provide your office with additional information. Our phone numbers are: 406-768-3335, 406-768-3259, 406-768-3759, 406-768-3604, 406-768-3605.

We have 1200 applicants for employment or training registered with the various agencies on our reservation, our situation is grave.

Respectfully submitted,

JOSEPH RED THUNDER,  
*Chairman, Fort Peck Tribal Executive Board.*  
 STANLEY YELLOWROBE,  
*Chairman, Programs Committee.*  
 JOSEPH DAY,  
*Councilman, Fort Peck Tribal Executive Board.*

STATE OF MONTANA—INSTITUTIONS RECEIVING COMMODITIES

Name	Location	Persons served
Faith Lutheran Home	Wolf Point	30
Warm Springs State Hospital	Warm Springs	1,432
Madison County Rest Home	Sheridan	39
Swan River Youth Camp	Swan Lake	72
Richland Homes	Sidney	60
Lake County Youth Guidance Home	Poison	15
Montana Center for the Aged	Lewistown	112
Hill Top Recovery	Havre	21
New Horizons	Helena	29
Florence Crittenton Home	do	35
Cooney Convalescent Home	do	65
Shodair Crippled Children's Hospital	do	123
Lewis & Clark Teen Home	do	15
Intermountain Deaconess Home	do	40
Cascade County Convalescent Hospital	Great Falls	208
Montana School for the Deaf and Blind	do	134
Great Falls Rescue Mission	do	30
Providence Halfway House	do	20
Salvation Army	do	30
Montana State Pulmonary Hospital	Deer Lodge	243
Montana State Prison	do	259
Frontier Halfway House	Dillon	50
Trapper Creek Conservation Corp Camp	Darby	227
Pondera County Nursing Home	Conrad	30
Montana Veteran's Home	Columbia Falls	82
Teton County Nursing Home	Choteau	30
Silver Bow General Hospital	Butte	160
Butte Youth Service Center	do	34
New Directions Halfway House	do	32
Boulder River School and Hospital	Boulder	835
Yellowstone Boys Ranch	Billings	71
Eastmont Center	do	25
Yellowstone Nursing Home	do	25
Salvation Army	do	62
do	do	32
Anaconda Conservation Corp Camp	Anaconda	216
Smelter City Senior Citizen's Center	do	125
Total		5,023

## STATE OF MONTANA—SERVICE INSTITUTIONS RECEIVING COMMODITIES

Name	Location	Persons served
Mountain Plains Education and Development Program	Glasgow AFB	240
Marguerite Smith Day Care Center	Kalispell	44
Community Action Program	Billings	165
Fort Belknap Agency	Harlem	65
Missoula Mineral Human Resources	Missoula	138
Rocky Mountain Development Council	Helena	200
Alberton Head Start	Alberton	15
Lame Deer Day Care Center	Lame Deer	99
Flathead Head Start	Dixon	60
Community Action Program Child Care Program	St. Ignatius	20
Ursuline Academy	Great Falls	72
Hill County Head Start	Havre	80
Browning Head Start	Heart Butte	120
First Methodist Day Care Center	Great Falls	30
St. Regis Head Start	Superior	16
Community Child Development Center	Glasgow AFB	60
Wesley Community Center	Great Falls	35
Opportunities, Inc.	do	110
Browning Day Care Center	Browning	34
Community Day Care Center	Butte	39
A-Wah-Suc Day Care Center	Box Elder	20
Project Head Start	Kalispell	60
Butte Head Start	Butte	137
Missoula Church of the Nazarene	Missoula	69
Northwest Indian Bible School	Alberton	50
Fort Peck Head Start	Poplar	180
Young Women's Christian Association (summer only)	Missoula	90
University Day Care Center (summer only)	do	80
Billings YMCA (summer only)	Billings	240
Mount Powell Economic Council Head Start	Anaconda	65
Lake County Youth Guidance Home	Sidney	10
Crow Tribal Head Start	Crow Agency	225
St. Thomas Orphans Home	Great Falls	52
Ravalli County Head Start	Hamilton	50
Total		2,970

Senator HUDDLESTON. We will hear from Calvin D. Fisher, president, Roberts Dairy Co., Omaha, Nebr.

**STATEMENT OF CALVIN D. FISHER, PRESIDENT, ROBERTS DAIRY CO., OMAHA, NEBR.**

Mr. FISHER. Mr. Chairman, and members of your honorable committee, I would like to thank you for the opportunity of appearing here and speak with some knowledge of the Government distribution programs, because from 1938 to 1941 I was a recipient.

Senator HUDDLESTON. In what capacity?

Mr. FISHER. Our family received surplus farm commodities through the common distribution system.

From 1950 through 1957, I was an inspector for the U.S. Department of Agriculture Consumer Marketing Service, Dairy Division, and became actively involved in the administration of procuring and storing surplus commodities. From 1958 until the present date, I have been involved in company management, and we have been involved in supplying commodities to the U.S. Department of Agriculture for school lunch and commodity distribution.

So my comments this afternoon will be directed pretty much specifically at USDA's policy and procedures in effect as of this date. I would like to give you some background.

The dairy industry in Nebraska became a supply and demand situation in about 1958; for butter and milk powder plants. We began closing down butter and powder plants and looked for other items to process. We first investigated the possibility of processing soybeans. We also investigated the processing of egg products.

From 1959 to 1960, we went through a process of elimination, and in 1960, we discovered that there was a great need for a way of pasteurizing eggs and drying eggs similar to milk products, because eggs contain salmonella. So we decided to perfect a way of pasteurizing and drying eggs so we could guarantee the destruction of the most heat resistant salmonella.

We were able to accomplish this in 1960, and by 1963, we were issued a patent by the U.S. Patent Office to cover the processes. We also knew that the consuming public had a terrible dislike for dehydrated egg products, so we knew it had to be an egg product that tasted like fresh scrambled eggs, and had good shelf life.

We discovered that all dehydrated eggs had to be held in refrigerated storage. By 1960, we accomplished zero salmonella, and a product that tasted as good as fresh scrambled eggs, and accomplished the storage capability we felt we had to have, and that was storage for 2 years at ambient temperatures.

After we made this discovery, we tried to sell it commercially and we signed a 2-year exclusive agreement with General Mills. They took our products for 2 years, but they found out it was not a product that was going to replace sunnyside-up eggs. So we decided that the only way we could market this product was mass feeding.

On that basis, we decided to direct our efforts toward the military and mass feeding programs. In 1965 and 1966, I began working very diligently with the Defense Personnel Support Center, and their research facility at Natick, Mass., and based on the experience gained while working for the Government for 7 years, I was able to get their attention and convince them that it was a tremendous discovery.

In fact, we have in the records a letter from a colonel informing us that, to him, it was the greatest discovery since jello.

In 1966, I helped them write the military specifications and they stopped buying those terrible dried, whole eggs and converted to our type product, even though they told us, "you will never sell us a product that has a patent."

In 1966, the military made the decision to convert all the military procurements over to our patented type product. In 1966, many educators became interested in this discovery. Dr. Tuttle from Michigan State received an 80-percent preference for this dehydrated product mixed with water and scrambled, over fresh eggs.

I do not have his publication in my hand, but Dr. Tuttle went to the University of Kentucky for a period of time, and delayed the publication of the article. It was published in 1972 and carried in a lot of the trade magazines.

That gives a little of the history of the background of the product. Incidentally, after it was accepted by the military, then the food and nutrition people from USDA became interested. We met with the school lunch and nutrition people in 1964 in Kansas City, and were given a warm reception. They went out and polled the rest of

the industry, and decided that because of the patents, they did not dare touch it. But when the military converted, the USDA and school lunch decided they would do it also.

The very product we produce for the commodity food distribution programs and military is the same dry product you find in the grocery stores here in the east coast under the Durkee label. The Arvid Nordquist Co. of Sweden purchased this product, and their direction is not at a military, mass feeding area. Their direction is at the silk stocking, hotel-type trade.

So it is something that tastes good, and that really selective purchasers desire. In 1968 the USDA decided to purchase the product for commodity distribution through the poverty program. They started purchasing it in cans. I could see that the can was a cumbersome and expensive package, and went to work with the assistance of the American Can Co. in Wisconsin. And we came up with a 6-ounce paper-foil envelope and presented it to the USDA.

During late 1969 or early 1970, we negotiated a contract to see if it was mechanically feasible to package this item with conventional machinery, and we did it successfully. The product was shipped for storage to Arizona and New Mexico, and it was then distributed after storage. The feasibility tests were directed at the Indian reservation in that particular area.

The USDA converted over to the package, and during the following year netted the Government a 5-cent-per-pound saving because putting it in a foil package or paper, poly, foil, poly-package and the saving in the packaging and the shipping weight, and so forth, and the distribution and storage. The USDA netted a 5-cent-a-pound saving. There were awards passed out to USDA people.

There were outstanding service awards passed out, and the suppliers that came up with the novel inventions were not mentioned. There are still some awards hanging in USDA offices.

That gives the historical background. Now I would like to delve into some of the problems with the food distribution programs that we heard this morning, and how this particular problem relates to it. I could spend a lot of time comparing it nutritionally to meats and other items, because this item is a tremendous product from a nutrition standpoint.

Senator HUDDLESTON. We are more concerned about the economies of the system than the individual product.

Mr. FISHER. I thought I would make a few cost comparisons and how they relate to the market conditions today, and the USDA programs.

If we were bidding on a contract today to supply this product for food distribution programs, we would bid \$1.50 per pound. One pound of this product is equal nutritionally to 3 dozen eggs. That means our delivered price on a railcar is 50 cents per dozen.

I called several Safeway stores here in Washington to see if I could get the current price of large, grade A eggs. One store said just a minute, and had me wait five minutes. And then I found another. I found the best price on grade A large eggs is 73 cents per dozen.

I know the store would like to have a 20-percent markup on anything sold out of refrigerated space, but I am sure Safeway and

some of the large companies are willing to settle for 10 percent. At 10 percent of the gross selling price, the purchasing price for a store is probably 65 to 68 cents per dozen.

So the USDA on a delivered basis today would pay the equivalent of 50 cents a dozen, paying \$1.50 a pound.

Now, I feel that it would cost about 3 cents a pound to deliver from the manufacturer or surplus area in the Midwest to any point in the country. If you are going to warehouse it for 6 months, you have to plan at least a half cent a pound per month including in and out cost, and that is another 3 cents a pound.

If we add a 10 percent administration cost on the basic cost of the product, it would amount to 15 cents a pound for the USDA to administer and distribute this to the areas where the needy families are located. Institutions would pick it up at the warehouse. It would be 3 cents for delivery, 3 cents for warehousing, and 5 cents for administration, and that gives you a total cost at the consuming level of \$1.71 per pound or 57 cents per dozen.

I defy any mass feeding program for the schools, for individual family and for the poor to equal this product nutritionally.

Another question I have is the management of a cash system. I worked with the Government in the 1950's, when we were getting into huge storage programs for surplus farm commodities. There was extreme mismanagement and graft. I was involved in commodity credit investigations. It took the Government about 5 years before this became smooth, manageable, and I think the graft was all eliminated.

That is one thing we have to question, and that is the management of the cash distribution program, vouchers, and so forth. It has to be properly managed. I am sure with the honesty of the civil service, it will be well managed, but it will be tough for a few years.

How are you going to control the diets? If you hand a cash program to the consumer, are you going to say, "here is a check for a dozen eggs, or peanut butter?" You will have to specify what the products of the program are going to be to control the diets.

This particular item gives you a balanced diet with the best amino acids and proteins available.

The last item I would comment on is that they have discussed the storage of food items for disaster programs. This product is ideally suited for storage of up to 2 years for disaster programs, crop failure, earthquakes, or any kind of disaster. If it is properly stored it would be stored for 2 years.

Senator HUDDLESTON. Are you selling your product to the USDA?

Mr. FISHER. Not at the present time.

Senator HUDDLESTON. If they should go into a cash distribution rather than a commodity distribution, would your product be available to the individual school districts separately, or as a whole?

Mr. FISHER. It will mean setting up a sales distribution, by systems, brokers, and distributors. Brokers and distributors by the time you add them together will put 18 percent on the top.

If a broker/distributor can get it to the schoolhouse door cheaper than the present methods, then it is the way to go.

Senator HUDDLESTON. It would be your contention that not only for your product, but for the overall purchases of the Department, they

can achieve enough savings by volume purchasing to offset the cost of sustaining, distributing and storing the product?

Mr. FISHER. I would not like to project myself as an expert. I can only relate on my experience.

We bid at least 15 to 20 percent a pound less to the Government than commercial sales.

Senator HUDDLESTON. Who do you sell to commercially?

Mr. FISHER. We sell it in bulk to Durkees, to General Mills, and we sell it in bulk to brokers, and we export a small amount.

Senator HUDDLESTON. Is there any reason why the Department has discontinued its purchases in December?

Mr. FISHER. I believe they purchased enough to handle their requirements through the end of this fiscal year.

Senator HUDDLESTON. I think you pointed that out.

Mr. FISHER. This is the type material we use. It gives you an indication of what it does.

Senator HUDDLESTON. We are not purchasing products.

Mr. FISHER. And this outlines the patents.

Senator HUDDLESTON. Thank you very much, Mr. Fisher.

We will now hear from Mr. Trimble, executive director of the National Congress of American Indians.

#### STATEMENT OF CHARLES E. TRIMBLE, EXECUTIVE DIRECTOR, NATIONAL CONGRESS OF AMERICAN INDIANS

Mr. TRIMBLE. Mr. Chairman and members of the committee, my name is Charles E. Trimble, executive director of the National Congress of American Indians, the oldest and largest national Indian organization in the United States. On behalf of NCAI, I express appreciation for this opportunity to appear before you regarding this important legislation.

In August 1973, Public Law 93-86, the Agriculture and Consumer Protection Act was passed, calling for the implementation of the nationwide food stamps program. This act also called for the phasing out of the family commodity distribution program as of June 30, 1974. This law included the phasing out of commodity distribution programs and the institution of food stamps programs on Indian reservations as well.

Responding to concerned Indian tribal welfare workers who foresaw much confusion and turmoil in the premature transfer from commodities to food stamps programs on reservations, the National Congress of American Indians sponsored a small meeting last January, bringing together tribal welfare representatives, Government officials, and congressional staff representatives.

A position paper was drawn up at that meeting defining the problems and suggesting remedies to those problems. I shall quote extensively from that paper and I ask that that paper, in form of a letter to Secretary of Agriculture, Earl Butz, be placed in the official record of this hearing.\*

It is our understanding that, under present law, the States run the food stamps programs. But, in the State of North Dakota, the State refuses to administer such programs on Indian reservations.

\*See p. 6.

According to the North Dakota food stamp director, a Mr. Conrad Moe, the Department of Agriculture holds the State accountable for program losses due to fraud, but the State has no local jurisdiction to prosecute food stamp fraud cases within the reservations.

Such hesitance on the part of States is not always based on such apparently justified legal cause however. A number of States have long sought jurisdiction on Indian reservations as a means to impose taxes on reservations and to open up those lands for exploitation. Tribes could become extremely vulnerable to such cruel blackmail by States that would literally starve tribes into submission to State jurisdiction by withholding food stamp services from them in the absence of an alternative welfare food delivery system.

Even in cases where States have expressed good faith in cooperating with Indian tribes, there exists an unwillingness to extend the programs physically onto reservations. This unwillingness is apparently due to the added costs for the State and their inability to recoup such costs under the present Federal-State schedule.

Under the present conditions Indian people are invited into off-reservation border towns for food stamp services where, more often than not, they face harsh discrimination. Such discrimination would increase when Indians are "on their knees" seeking services to which they are fully entitled.

It is our understanding that seeking certification for food stamp program eligibility in off-reservation border towns is a traumatic experience for Indian people. Certifying agents of non-Indian extraction seldom understand the cultural, economical, or legal situation with Indian people.

An Indian person who owns land or shares in tribal assets is not necessarily financially independent. Nor are Indian people per capita recipients of "all that money the Government gives Indians." On the contrary, Indian people are on the lowest rung of the national economic and social ladder. Yet, such misconceptions of Indian people prevail at large among non-Indian neighbors in off-reservation border towns.

Nor is the overall problem with off-reservation border towns only that of race and culture. Mr. Howard Tommie, chairman of the Seminole Tribe of Florida, in a letter to NCAI, described some of the problems of logistics:

Often the local food stamp office which services the Hollywood reservation has an 8-hour waiting line. In fact, clients who have waited in line from 7 a.m. to 3 p.m. are often told to come back the next day.

When they return the following day, there is no assurance that their application will be received. Some clients have waited in line for 2 or 3 days. This procedure poses an additional problem for the elderly who may not be able to withstand the physical strain or are unable to get an interpreter to accompany them for such extended periods of time.

It should be noted that on occasions, clients have been unable to budget their money so that they can purchase food stamps at a given time. Should they fail to purchase food stamps in any month, subsequently, they are removed from the food stamp rolls and must go through the certification procedure all over again.

Even without discrimination and misconceptions, forcing Indian people to go off the reservations for certification and food stamp

purchases poses a financial and physical hardship. Without any form of public transportation on many reservations, travel on most reservations is sufficiently costly to virtually negate benefits of the bonus food stamps. With the continuing energy crisis, travel for many reservations could become almost impossible.

Such as the manifest problems with State administration of food stamp programs instituted for Indian reservations in the short time since the passage of Public Law 93-86 last August.

More importantly, however, tribes are philosophically, legally, and justifiably opposed to mandated control over reservations by State governments. Tribes have a unique relationship with the Federal Government, with a special status at least equal to the several States; and most tribes have proven their capability to administer very complex programs with large sums of money.

Recognizing this in his historical Indian message to Congress of 1970, President Nixon pledged extensive governmental development and economic development measures for tribes. Forcing tribes under State control in the food stamp program, without option to administer the programs themselves, subverts the self-determination initiative of the administration and Congress. And forcing Indian people off the reservation for the purchase of the stamps encourages the expenditure of the stamps in off-reservation towns, thus subverting reservation economic development as well.

It is obvious that legislation and policy directives are needed to correct the deficiencies of the food stamps program for Indian reservations. Effective legislation, and administration regulations take time, particularly in Indian affairs where consultation and inter-tribal deference are of paramount importance.

In view of this, the National Congress of American Indians supports proposed measures to extend the commodities distribution program on Indian reservations during an adequate transition period. To us an adequate transition period is more like 2 years.

In existing law and in proposed legislation, consideration was not given to the total lack of ancillary systems which make food stamp programs workable in other areas: These include the lack of public transportation systems on Indian reservations; lack of personal mailboxes that are required for official communication between caseworker and client; lack of discount or reasonably priced markets; and lack of nearby welfare offices.

These problems must be worked out over a period of time, and provisions for sufficient time is not made in proposed legislation.

In addition, provisions are needed for a major communication effort to inform Indian people on the food stamp program itself, on basic economic matters and on nutritional matters. Such information, effectively disseminated, can help Indian people make the most of the food stamp program and lessen their vulnerability to exploitation by unscrupulous traders with regard to food stamps.

Now, Mr. Chairman, regarding this legislation: S. 2871.

First of all, we commend Senator McGovern, and his distinguished colleagues, for sponsorship of this legislation to deal with this problem. This bill grew out of hearings held on the Pine Ridge Indian Reservation in South Dakota, last August by the Select Committee on Food and Nutrition chaired by Senator McGovern.

The people there expressed their deep concern over the impending demise of the commodities programs and the initiation of food stamps on reservations. In this time of national cynicism of the Government, the people of Pine Ridge and elsewhere would be very pleased to see the fruition of congressional response to their voice.

We commend this committee for its proposed extension of the commodities food distribution program, although we are requesting a lengthier period for transition. We are also concerned that the Department of Agriculture will not necessarily live up to their mandate to provide such foods.

The Department of Agriculture steadfastly maintains that commodities is a dead issue; if not because of their inability to purchase on the open market for extended periods of time, then because of a projected lack of surplus foods. The prevailing attitude in agriculture is that, "we can extend the commodities program as long as you want, but we hope the Indians love peanut butter."

We just heard the testimony of the peanut butter and dairy interest, and that brings up another issue, and that is packaging. The Indian people do not have the facilities to store perishable products for any length of time. And this is a real problem.

NCAI expresses its concern that S. 2871 extends beyond what is necessary to resolve the Indian food problem in its provisions for additional funds for State administration of their programs. We feel that these provisions to relieve the States of administrative costs would render the bill vulnerable to strong administration opposition, and possible veto, because of additional massive budget requirements. We ask that Indian people, who are in the most difficult straits in this issue, not be trapped in a political pincer.

We endorse the provision for tribal option in administering the food stamps program themselves. This is consistent with the self-determination policies of the Congress and the administration.

Finally, Mr. Chairman, the fact that we are here today to work together for the resolution of a deplorable problem of poverty and malnutrition says something in itself. But we must continue to work for the resolution of all of the problems, only one of which is malnutrition. There are bills pending before both houses of Congress that would provide for better health services, and that would protect Indian lands.

We commend you for your efforts in this matter before us now. But we strongly urge your support for the many other pieces of legislation designed to help our people.

Thank you.

Senator HUDDLESTON. Thank you, Mr. Trimble. It is your judgment that there is no way, under present conditions, to substitute money or stamps for commodities and have the end result be as desirable as it would be with commodities?

Mr. TREMBLE. I think it is difficult, Mr. Chairman. We are operating on the assumption, which I understand is largely true, that in time the commodities food distribution program is a dead issue. We realize that we are going to have to deal with the problem.

I think the commodity food program has worked out in Indian reservation. We were talking to the health services, and finally after

years, they have developed a good nutrition program based on commodities to get the most out of commodities. And now they are concerned that they are having to start all over again with food stamps.

Senator HUDDLESTON. One thing that bothers me about all the proposals to substitute cash contributions for programs that are in effect now for people who need help is that it imposes new burdens on people least qualified or prepared to make distinctions about nutrition and about what they are going to do with that money.

A lot of people would have money handed to them who would not be able, in my judgment, to utilize it to the best interest of their family. In other cases, it may be a question of being able to make the kinds of decision that have to be made.

Mr. TRIMBLE. There is one problem, and that is there are people who cannot buy food stamps for lack of any money.

Senator HUDDLESTON. You mentioned a period of 2 years necessary for the transition to come about. Is this a considered judgment as compared to 1 year, or some other period of time?

Mr. TRIMBLE. This is the response we get from a number of tribal people. Another thing is to inform the people so they can benefit without a long gap of suffering on their part—by the way, I would like to introduce something else for staff consideration and possible support in line with communication efforts.

We submitted a proposal to the Indian Health Service Emergency Food Service of OEO for a program to develop and implement a food stamp information program on a national basis.

Senator HUDDLESTON. Do you have an estimate on what percentage of the Indians are on the commodity or stamp program?

Mr. TRIMBLE. No, I do not. I do not know of anybody who does that. On a national level, we can run a survey for you, if you would like, but you could also go on the thought that the Indian reservations on a national average have a 45-percent unemployment rate as opposed to a 7.0 on a nationwide basis.

Based on that, you can make a pretty good assumption of the massive needs of the Indian community.

Senator HUDDLESTON. Thank you for your statement, Mr. Trimble.

We will now hear from Eugene Begay, executive director, United Southeastern Tribes, Sarasota, Fla.

#### STATEMENT OF EUGENE BEGAY, EXECUTIVE DIRECTOR, UNITED SOUTHEASTERN TRIBES, SARASOTA, FLA.

Mr. BEGAY. My name is Eugene Begay, and I am the executive director of the United Southeastern Tribes of Sarasota, Fla. We have executive offices in Sarasota, Fla.

We are an inter-tribal organization composed of six federally recognized tribes in the Southeast, namely the Seneca Nation in New York, the Eastern Band of Cherokee Indians in North Carolina, the Mississippi Band of Choctaw Indians, the Chitimacha Tribe in Louisiana, the Miccosukee Tribe of Florida, near Miami, and the Seminole Tribe of Florida near Hollywood, Fla.

I am grateful for this opportunity to present the United Southeastern Tribes' position regarding the food legislation program, the

current act and the amendment currently being proposed by Senator McGovern.

The United Southeastern Tribes is an area membership organization of the National Congress of American Indians. The testimony that Mr. Trimble just presented is essentially the consensus and unified expression of the United Southeastern Tribe leadership, and the tribal administration, who are involved in the current food stamp program.

I am here to support and endorse that position in this respect: that we feel that the tribes in the United Southeastern Tribes Organization does have the administrative capability to administer, control, and implement the food stamp program to its service recipients.

For many years, the Bureau of Indian Affairs has administered area level programs for the tribes in the Southeast. In accordance with President Nixon's July 8, 1970 message to Congress, opening avenues of additional opportunities for Indians to be involved in a program of self-determination; the United Southeastern Tribes took advantage of that, and is currently doing the area administrative services to the six tribes in the Southeast.

We are currently contracting many of the services previously provided by the Bureau of Indian Affairs under the Buy-Indian Act contractual arrangement. We are contracting many of the health services on the area level to the tribes. We are exploring additional ways of gaining control of the fiscal management to our Indian health service hospitals in Cherokee, N.C., and Philadelphia, Miss., with the Choctaws.

This has reflected in the need at the tribal level for tribal administration to also administer programs on a contractual arrangement with the Bureau of Indian Affairs, and the Indian Health Services. The success of this contractual arrangement has been based on several things: number one; it is in accordance with self-determination, that Indian people themselves do have the potential and skill to administer their own programs as versus the long-standing paternalistic attitude of the Federal Government.

There are several detriments to that. One is that most Indian reservations are isolated, have had no practical experience at all in working relationships with surrounding agencies, institutions, and Government because of this long-standing paternalistic relationship.

With the new tribal administration endeavor of utilizing its own expertise, we have been able to negotiate with local governments, local institutions, and agencies to provide the kind of resources to the reservations; and in that kind of context, and in that kind of prospective, we feel very strongly that we can properly and effectively administer food stamp programs.

As an example of the kind of tribal administration and expertise that I am talking about; the Seminole Tribe of Florida, effectively and very profitably administers and implements for profit, one of the largest herds of beef cattle in Florida. And they are now developing innovative ways to open additional markets for food.

The Seneca Nation in New York has had the type of tribal administration to negotiate an approximate \$5 million land claim with the Federal Government. They are now developing a very sophisticated

type of plan to invest in education and economic development for the Seneca Nation of New York.

The Eastern Band of Cherokee Indians in North Carolina have a very sophisticated government and tribal administration, which allows for controls of fisheries and wildlife. They also have their own commercial enterprises owned by the Cherokee people.

The Choctaw in Mississippi are in the process of beginning to negotiate with major industries to bring such industries to their reservation, and doing such things as market surveying, cost analysis, and developing all kinds of resources.

With that in mind, the United Eastern Tribes' office in Sarasota, of which I am the principal administrator, is in a position to provide training and technical assistance, which we are doing for tribal administration, and we are building up manpower and working in that area and assisting the tribes in identifying local resources in education, in college accredited programs, and management and administration in all other kinds of human services that are needed for the development of Indian communities.

In conclusion, I would like to say that a majority of the tribes are in favor of an amendment to the extent that they will be in control administratively of their food stamp program, and that 100 percent of administration costs be allowed to tribal administration for the implementation of the food stamp program.

However, secondly, I want to recommend that the tribes be allowed to have the option to resort back to the commodities type program if by some reason or chance it is continued, so that they, not only can continue the commodity program, but gain control of its administration also under the tribal administration.

And third, there needs to be a time to allow the tribes to convert from the present food stamp administration system by the State to tribal control and administration. That amount of time, as designated by Mr. Trimble, was for a specific length of time. We feel that the extent of time required and needed is different among the tribes. It may be 6 months for one tribe, or it may be 2 years for another tribe, but this is basically our position. And our position also is in accordance and concurrence with the testimony presented by Mr. Trimble and the National Congress of American Indians.

Senator HUDDLESTON. Some suggested that policy might conflict with the distributive policy of some sort. Does this occur, or are you suggesting that the administration of the tribes should be totally separated from the State operation of its program?

Mr. BEGAY. The possibility of moving from commodity to cash contributions, I think those programs will be additionally supported by the fact that tribal administration will be involved in the actual administration and control of those programs.

Senator HUDDLESTON. Plus the fact that if you substitute cash for commodities, the school systems are going to have difficulty taking that cash and translating it into an equal amount of commodities—in both quantity, and quality—to provide as good a meal for the students as they are receiving under the commodity program?

Mr. BEGAY. I think it will be better under the tribal administration.

Senator HUDDLESTON. Thank you very much for your testimony today. Incidentally, do you have an estimate, or how many Indians are in your organization?

Mr. BEGAY. We have a total tribal enrollment of about 20,000. The largest tribe is the Eastern Band of Cherokees with 8,000.

Senator HUDDLESTON. Is that mostly in North Carolina?

Mr. BEGAY. Yes, in the southwestern part of North Carolina, the smoky mountains, and the Chitimacha in Louisiana with about 600 residents.

[The attachment to Mr. Begay's statement follows:]

A POSITION PAPER OF THE UNITED SOUTHERN TRIBES, INC. (USET), REGARDING THE SENATE BILL 2871 ADDRESSING ITSELF TO AMENDMENTS TO PUBLIC LAW 93-86 CONCERNING FOOD STAMP PROGRAM AS IT MAY AFFECT OUR INDIAN TRIBES

The USET is a non-profit corporation consisting of an association of Federally recognized Indian tribes in the Southeast and East with executive offices in Sarasota, Florida, and serving the following tribes:

- Seminole Tribe of Florida
- Miccosukee Tribe of Florida
- Eastern Bank of Cherokee Indians
- Mississippi Bank of Choctaws
- Seneca Nation of New York
- Chitimacha Tribe of Louisiana

USET has been continuously involved in supportive efforts on behalf of its membership tribes in all areas of endeavor. Most recently, USET has supported the efforts of the National Congress of American Indians (NCAI) in conducting meetings whereby Indian tribes have had the opportunity to express their various concerns regarding food stamp legislation. Additionally, USET is a designated regional area member of NCAI.

USET tribal leadership and key USET Administrators have been involved with NCAI in a process of establishing a broad consensus of nationwide tribal positions on the food stamp legislation. We feel that the position paper and testimony presented today by Mr. Charles Trimble, Executive Director, NCAI, to be essentially the position of USET and its membership tribes.

We concur in that respect, that there is an imposition on the part of state jurisdiction on Federally recognized Indian reservations, that there is a tremendous disadvantage to Indian individuals in securing food stamp services as administered by the state; that the states have an inability to effectively conduct community outreach in orientation and making food stamp services more conveniently accessible to Indian people due to a lack of experience on the part of the state in working with Indian communities and a total lack of understanding Indian lifestyle, cultural and traditional values; and that there may be in some instances an outright discrimination against Indian people due to misconceptions and racist attitudes.

Some of the problems encountered by tribal administration in administering any type of service program on our reservations are as follows:

I. In most cases, USET tribal communities do not consist of one concentrated group of families and establishments. For example, on the Seminole Reservation in Southern Florida there are three separate tracts of land which make up the reservation. The distance between the Hollywood and Brighton tracts is approximately 120 miles and situated diagonally between these two communities is the Big Cypress community which is approximately 65 miles from Hollywood and 80 miles from Brighton.

Although a majority of the Eastern Band of Cherokee Indians live on one tract of land, their community is vast with outlying subcommunities at a distance of up to 70 miles from the tribal headquarters. Additionally, access to outlying communities on the reservation must be transversed through mountainous roads which are sometimes inaccessible during certain periods of the season.

The Choctaw in Central Mississippi consist of seven separate tracts of land some of which are up to 90 miles away from the tribal headquarters.

The Seneca Nation, near Buffalo, New York, consists of two separate tracts of land approximately 50 miles apart.

Although the Miccosukee Reservation in southern Florida is small in comparison to the other USET reservations, not all of the prospective service recipients live on the reservation. Many families still reside in the deep confines of the Everglades National Park. Access to these families is very difficult and sometimes almost inaccessible.

II. All of the USET tribal communities have their own individual and unique cultural values and lifestyles. Many of the tribal members, including youth still speak the native language. Although on some reservations the native language is used to such an extent, that the English language could be considered the second language; there is a great majority of the people who do not speak the English language. It should be noted that a majority of the eligible recipients of the food stamp program may not be able to speak, read nor write the English language.

III. In the past, Indian communities and individuals displayed a reluctance and a lack of aggressiveness in manifesting their rights to services from institutions and agencies surrounding the reservations. This is due to a long-standing relationship of alienation between the isolated reservations and the surrounding communities which have been fostered by federal paternalism. It is imperative that Indian communities be given every opportunity to develop their own resources and potential in education and training to overcome this particular kind of problem which we feel can be solved initially and in part in a sovereign manner by Indian people themselves.

In accordance with President Nixon's Self-Determination Message to Congress of July 8, 1970, the USET tribes have exerted themselves in every way to implement the full impact of this proclamation. In this respect we feel that tribal administration and government has the capabilities to administer a vast variety of service-oriented programs including the food stamp program as proposed herein. This is indicated by the fact that tribal administration under the authority of tribal government has proceeded to contract a great majority of services previously administered by the Bureau of Indian Affairs and the Indian Health Service. Due to the ability of tribal administration to utilize all aspect of inherent expertise and off-reservation resources these contractual arrangements have been successful.

Every aspect of tribal administration takes into serious consideration the total needs of the community and validation and approval of such programs by community input through government and program involvement.

One of the purposes of USET is to provide training and technical assistance to tribal administration. This training is of a special nature, taking into consideration the unique cultural, economic and educational status of each reservation community. USET administers its own Indian Community Action Program which basically provides training and technical assistance to tribal administration in corporate administration and program management. This training and technical assistance is provided by Indian expertise on the staff at USET and administered locally in most cases in terms of in-service on-the-job training. Additionally, tribal administration has made significant progress in developing local education resources for college accredited training for its own personnel. The thrust in this effort has been to train and develop Indian manpower to be of service to their own tribe in the true spirit of Indian self-determination.

Specific instances of tribal administration capabilities and the development of tribal enterprise is the fact that the Seminole Tribe of Florida currently maintains with successful profit, one of the largest herds of cattle in the State of Florida. The sophistication of the Cherokee tribal administration is indicative of the fact that they administer total control of their own fisheries and wild service-oriented programs including the food stamp program as proposed herein. This is indicated by the fact that tribal administration under the authority of tribal government has proceeded to contract a great majority of services previously administered by the Bureau of Indian Affairs and the Indian Health Service. Due to the ability of tribal administration to utilize all aspect of inherent expertise and off-reservation resources these contractual arrangements have been successful.

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In conclusion, the position of USET regarding the proposed amendment S.2871 to Public Law 93-86 is as follows:

I. That USET tribes be given every opportunity to fully administer at their own discretion the food stamp program as proposed. Additionally, that 100 percent of the cost of administration be allowed to tribes so choosing to administer their own food stamp program.

II. Tribes currently involved in the commodities distribution program should be given and allowed sufficient time to develop an effective management system to either administer its own commodity program or administer the proposed food stamp program.

III. Section 17, Public Law 93-86, Food Stamp Program, allows for members of eligible households living in the State of Alaska to be permitted to purchase hunting and fishing equipment for the purpose of procuring food for the household. Request that all Federally recognized Indian tribes also be included in this provision.

Senator HUDDLESTON. Thank you, Mr. Begay.

[Whereupon, at 3:15 p.m., the committee was recessed to reconvene at 9 a.m., Thursday, March 28, 1974.]

## COMMODITY DISTRIBUTION AND FOOD STAMP PROGRAMS

THURSDAY, MARCH 28, 1974

U.S. SENATE,  
SUBCOMMITTEE ON AGRICULTURAL RESEARCH  
AND GENERAL LEGISLATION OF THE  
COMMITTEE ON AGRICULTURE AND FORESTRY,  
*Washington, D.C.*

The subcommittee met, pursuant to notice, at 9 a.m., in room 324, Russell Senate Office Building, Hon. James B. Allen (chairman of the subcommittee) presiding.

Present: Senators Allen, McGovern, Clark, Young, and Dole.

Also present: Senator Huddleston.

### STATEMENT OF HON. JAMES B. ALLEN, A U.S. SENATOR FROM THE STATE OF ALABAMA—Resumed

Senator ALLEN. The subcommittee will please come to order.

There is a quorum of the subcommittee present, so we will go ahead with the hearing.

Yesterday, in order to give every witness scheduled to testify an opportunity to do so, after Secretary Yeutter had been on the stand so long it was necessary to impose that a 7-minute time limit on the witnesses for their oral presentation of their testimony, and then a 5-minute limitation on Senators' questioning. Today we are going to grant a bonus time of 3 additional minutes.

So, Mr. Smith, we are going to allow 10 minutes for your oral testimony, which can be a condensation of your statement, or it can cover matters not covered by it. And the statement, of course, will be inserted in the record as if given orally at the hearing.

So you may proceed in any way you see fit.

I want to say that we are delighted to have you come up and give us the benefit of your knowledge and expertise in this field. I know that these programs are of great benefit to the people of Alabama and our school children in Alabama. And we are interested in hearing just what the situation is in Alabama, and how this legislation will affect that situation.

You may proceed.

STATEMENT OF T. G. SMITH, COORDINATOR, FOOD SERVICE AND LOCAL ACCOUNTING, ALABAMA DEPARTMENT OF EDUCATION, MONTGOMERY, ALA.

Mr. SMITH. Thank you, Mr. Chairman.

My name is T. G. Smith, Jr. I am coordinator of child nutrition programs which are administered by the State Department of Education for the State of Alabama.

Mr. Chairman, may I say that it is an honor for me to have the opportunity to testify before this committee on behalf of the boys and girls of Alabama and the Nation.

The commodity distribution program in Alabama has traditionally been one of the strongest and most important components of the child nutrition programs. This is the one program that has succeeded in working our acceptably shared Federal-State and local responsibilities.

In the time allotted to me for this testimony, I would like to point out several reasons or justifications why we think section 4(a) of Public Law 93-86 should be a permanent part of child nutrition program legislation.

First of all, in Alabama we have not developed extensive warehousing facilities at the State level. Our efforts have been directed toward assisting school systems acquire and improve storage at the local level. Many superintendents and food service directors have indicated to me that even though they have reasonably adequate storage facilities at the present time, they do not have the necessary staff (purchasing agents and economists) to purchase the foods that they are presently receiving as donated commodities.

There are 127 school systems in Alabama, they vary in size from 58,016 in Mobile to 322 in Florala, our smallest school system. The following is a breakdown of school systems by average daily attendance:

- One school system has more than 50,000 students;
- Three school systems have between 25,000 and 49,999 students;
- Two school systems have between 10,000 and 24,999 students;
- Twenty-four school systems have between 5,000 and 9,999 students;
- Fifty-nine have between 2,000 and 4,999; and thirty-eight school systems have fewer than 2,000 students.

And the point I am trying to make, Senator Allen, is that the majority of the school systems in the State of Alabama are quite small. If you will notice the chart, of the 127 school systems in Alabama—and incidentally, we have both city and county school systems—only 6 of these school systems have more than 10,000 students. We have 83 of our school systems that have between, we will say 2,000 and up to 9,999, and we have 38 school systems that have less than 2,000 students. And we have 7 school systems which have less than a 1,000 students. Which gives us, I think, a real insight as to what some of our problems really are.

A majority of the school systems in Alabama, as indicated in the above chart, are not large enough to employ a qualified, certified food service supervisor—much less a purchasing agent who has the

necessary background and experience to write specifications and things that are necessary in that area.

The Department of Agriculture, on the other hand, has the organization, personnel, and the necessary expertise to purchase, warehouse, and distribute the quality and quantity of basic food items needed for child nutrition programs.

We have been told that the commodity distribution program has outlived its usefulness, that it is no longer applicable to our present agricultural program. This, I sincerely doubt. Restrictions have been lifted—now farmers may plant as much of any crop as they wish. Reports are that there will be approximately 4 percent more acres in production this year than in the past. There is entirely too much uncertainty in farming for the Department of Agriculture or any other department, for that matter, to keep from having surpluses. There may not be large nationwide surpluses, as in the past, but I feel sure that there will be a need for distributing and utilizing surplus foods in the years to come. I know of no better way to utilize these foods than to make them available to the boys and girls of this Nation.

The proposed 7 cents of cash in lieu of commodities will not enable schools to maintain the quality or quantity of meals that are presently being prepared and served today in the State of Alabama and the Nation. With inflation increasing at approximately 14 percent each year, the proposed cash allocation will not buy in fiscal 1975 what it has bought in fiscal 1974. The following chart is a comparative analysis of how the cash in lieu of commodities would shrink due to inflation.

PARTICIPATION LEVEL—97,500,000

	Revenues needed based on weighted value of commodities, 14 percent inflation and present level of participation	Revenues based on present participation level and 7 cents per meal	Difference
1972-73 <sup>1</sup> .....	\$9,630,277	\$6,825,000	\$2,805,277
1973-74 <sup>2</sup> .....	10,978,516	6,825,000	4,153,516
1974-75 <sup>2</sup> .....	12,515,508	6,825,000	5,690,508
1975-76 <sup>2</sup> .....	14,267,679	6,825,000	7,442,679

<sup>1</sup> Actual.  
<sup>2</sup> Projected.

Senator, as indicated in those charts, Alabama has always used more than the national average as far as commodities are concerned. We have used from 1 $\frac{3}{4}$  cents up to as much as 3 $\frac{3}{4}$  percent more than the average of the Nation as a whole. So the chart that I have inserted here tells how the level of funding would tend to deteriorate should we be pegged at 7 cents cash in lieu of commodities through fiscal 1976.

As indicated earlier, Alabama like most States has strived constantly to develop ways and means to utilize the foods made available through the commodity distribution program. The quality of these foods has always been superior. The variety on the other hand, has been a challenge.

Realizing the importance of menu variation, we have developed

training programs and inservice programs around menu planning that incorporate the use of commodities. Very few of our schools can afford "convenience foods," therefore, we prepare, from scratch, most of the foods served in the schools in Alabama—practically all of our schools bake their bread and most of them bake it daily.

The following chart shows the dollar value of donated commodities received and used in Alabama during the period of 1969-73. You will notice in this chart, Senator, that the State Department of Education in Alabama has administered the commodity distribution program to all outlets other than the indigent family program. This has been one of the strongest and best programs that we have had.

DOLLAR VALUE COMPARISONS OF COMMODITIES RECEIVED 1969-73

Area	1969-70	1970-71	1971-72	1972-73
Counties.....	\$5,603,048	\$5,311,486	\$7,611,630	\$6,285,690
Cities.....	2,700,038	2,857,248	3,819,100	3,344,587
Private schools.....	172,565	216,508	223,065	219,252
State operated school.....	77,497	43,581	40,472	46,911
Child care centers.....	11,104	16,375	66,074	66,783
Head start centers.....	80,106	55,268	66,926	53,701
Institutions.....	561,536	327,689	463,775	285,575
Summer camps.....	11,486	4,625	20,137	18,779
Workshops.....	2,755	2,798	3,109	1,800
Technical and trade school.....		18,766	896	580
Grand total.....	9,220,135	9,854,345	12,315,184	10,323,658

The second chart indicates the types of different commodities that have been received. We have always taken as much of those surplus removable and price-supported commodities as we possibly could. And this would indicate that we have culled very few: 1973, 74-29; 1972, 73-29; 1971, 72-39; 1970, 71-34; 1969, 70-34.

A comparison of the national average of commodities received in the State as compared to the Nation over the past 4 years indicates, as I have indicated earlier, that we in Alabama have used more by far than the national average. I indicated earlier that it varies from  $1\frac{3}{4}$  cents per meal to as much as  $3\frac{3}{4}$  cents per meal.

	National average	State average
1972-73:		
Food.....	0.064	0.0807
Shortfall.....	.017	.0180
Total.....	.081	.0987
1971-72.....	.079	.1168
1970-71.....	.072	.0974
1969-70.....	.075	.0929

Based on the most recent available weighted values on commodities received through February 1974 for fiscal year 1974, the total value for Alabama is \$5,66,144, and since approximately 92 percent of the commodities distributed in Alabama goes to public schools, we

have calculated that we have received 8.2 cents per lunch in this year, and that is 1.2 cents above the 7 cents earlier.

These charts, as I have indicated earlier, also bring into focus the number of programs that we administer over and above the public schools of Alabama. Alabama distributes commodities to the following agencies, most of which, as I understand, will not be eligible to receive proposed funds made available in lieu of commodities: 47 private schools; 6 State operated schools; 124 child care centers; 81 Head Start centers; 123 institutions; 37 summer camps; and 12 workshops.

Disaster feeding in Alabama is another strong justification for continuing the commodity distribution program. On two different occasions last year, schools in Alabama were used when disasters hit. The first time was when a tornado hit central Alabama, and a second time was in northwest Alabama when the Tennessee River overflowed its banks.

The average cost of producing lunches in Alabama through the period February 28, 1974, is 68.8 cents. We have used 8.2 cents per meal in commodities which is 1.2 cents above the 7-cent national average. And we received 10 cents in section 4 reimbursement, 45 cents for the period July 1, 1973, through December 31, 1973, for section 11 reimbursement which left us with a deficit operation per meal of 5.6 cents. On the other hand, since January 1, 1974, when the escalating clause mandated the increase in sections 4 and 11 reimbursement, the schools in Alabama have had a deficit operation of 2.85 cents per meal. We served 40,427,110 lunches in Alabama including the period through December 31. We lost as a result of the 5.6 cents deficit, \$2,263,918. In the period of time through February 28, we served 21,179,872 meals at a loss of \$603,626, which is a combined loss for the years of \$2,866,544 to the child nutrition programs.

Mr. Chairman, we prefer to continue with the commodity distribution program rather than to receive cash in lieu of commodities for these and other obvious reasons. But, if on the other hand, it is determined that the commodity distribution program has outlived its usefulness—that it is no longer applicable to our present agricultural program, we would earnestly and sincerely solicit your support to pass legislation that would adequately fund the replacement measure. The presently proposed 7 cents per meal is not adequate. Furthermore, if the level of funding is not tied to some kind of an index, one that has an escalating clause, we may very well be taking a step backward.

May I say again, Mr. Chairman, that I appreciate the opportunity to appear before this committee on behalf of the boys and girls of Alabama and the Nation. I earnestly and sincerely solicit your continued support for child nutrition programs for the youth of our Nation.

I will be happy to answer any questions regarding my testimony. Senator ALLEN. Thank you, Mr. Smith. I appreciate your fine testimony.

Do you favor the management of the nutrition programs staying

in the Department of Agriculture or being transferred to the HEW?

Mr. SMITH. I would like very much for them to stay in the Department of Agriculture.

Senator ALLEN. Do you feel that putting the commodity payments or the donated commodities on a cash basis rather than in kind might be a step that would facilitate the transfer over to HEW?

Mr. SMITH. I am afraid it might, Senator.

Senator ALLEN. On page 6, the average cost of producing each lunch is 68.8 cents. And this speaks of it being the period through February 28, 1974. What is the starting point of that period?

Mr. SMITH. Of course, our records are on a cumulative basis, Senator. Each month we determine what the cost per meal is.

Senator ALLEN. You are assuming there 8.2 cents in commodities. Have you actually been getting your full supply of commodities, or has part of that been in cash?

Mr. SMITH. No, we haven't received any cash this year.

Senator ALLEN. In other words, you have actually been getting 8.2 cents worth of commodities?

Mr. SMITH. We have received commodities, Senator, based on the most recent information that would indicate that we would receive \$5,466,144 in commodities, and 92 percent of those commodities go to the public schools. And when we divided the number of meals into this amount of commodities it averages 8.2 cents.

Senator ALLEN. It looks like the Agriculture Department, then, has more than fulfilled its minimum obligation to the Alabama schools.

Mr. SMITH. Well, this has been brought about primarily, Senator, because we take every commodity that is made available, we don't cull anything, if you will pardon the expression.

Senator ALLEN. Anything that is edible?

Mr. SMITH. Anything that is edible and consumable that we can take and use in the program, we accept it; yes sir.

Senator ALLEN. So as a result of that policy you have actually been getting more than the minimum that the Department is supposed to make available?

Mr. SMITH. That is correct, Senator.

Senator ALLEN. And you have not been bothered with having to call the Department for cash in lieu of commodities?

Mr. SMITH. Well, we haven't had an opportunity to call on them for cash in lieu. But it was my understanding that the regulations say that if by a certain time the Department hasn't spent 90 percent, then there will be a cash refund. So apparently they have fulfilled their responsibility as I have been notified.

Senator ALLEN. I think you have been doing a mighty good job in staying behind the acquisition of these commodities and in getting the Department to give you your full quota.

Mr. SMITH. Senator, we have a very good working relationship with our regional office. It is based on friendship. When they call and ask, "Can you use some cars of a particular item?" we check,

and if we can, we accept it. And most of the time we have the type of working relationship with our people out in the field so that it doesn't take long to determine if they can utilize those foods.

Senator ALLEN. Who places a value on the commodities? Is it the value at the local level, what you would have to pay for them at the local level, is that what the Department has had to pay?

Mr. SMITH. Senator, in making reports, the Department of Agriculture gives us a weighted value of commodities. The most recent value I don't have. My statistician calculated this on the basis of the most recent figure we had. I realized on the way up that I should have that information but I didn't bring this information with me.

Senator ALLEN. The Department, then, places a value—

Mr. SMITH. A weighted value, yes.

Senator ALLEN. How does that compare with your own buying experience?

Mr. SMITH. Of course it is low, based on our buying experiences.

Senator ALLEN. In other words, you would have to pay more for these commodities than the weighted value shown by the Department?

Mr. SMITH. Yes, indeed.

Senator ALLEN. What differentiation would there be; have you got any idea?

Mr. SMITH. It varies, Senator, based on the location of the schools. I would say, just off the top of my head, maybe 10 percent.

Senator ALLEN. Ten percent differentiation.

One thing here that was of interest. You state that many of the systems are not large enough to employ a certified food supervisor much less a purchasing agent. Who is doing the purchasing now with the other funds that you do have?

Mr. SMITH. The individual schools in Alabama, Senator, are the major purchasing agents. And you know how this operates.

Senator ALLEN. Well, they have got some kind of systems on the 80 percent of your schools who purchase that locally.

Mr. SMITH. They do have. And in the case of most of them it is on an individual school basis, which would lead you to believe that it costs even more than it would if it were bought at a system level.

Senator ALLEN. Do you have many requests by local suppliers for the right to sell you those commodities that are being given to you by the Department of Agriculture?

Mr. SMITH. Well, the basic food items, Senator, flour, meal?

Senator ALLEN. Whatever it is that the Department of Agriculture makes available to you, do you have many local suppliers that say, "Gee, I wish you wouldn't get that from the Department, I wish you would let us sell it to you."

Mr. SMITH. No, as a matter of fact, I haven't heard of any that complained.

Senator ALLEN. What quality do you find the Department of Agriculture's commodities to be?

Mr. SMITH. Excellent.

Senator ALLEN. That is good news; I am glad to hear that. Are they as good or better than the locally supplied items?

Mr. SMITH. Let me just give this illustration, Senator. Back earlier in the school year many of our schools because of distribution problems, ran out of flour, and then went on the open market and bought flour. And they told me that they could hardly make bread from this particular flour because it was so different. And they indicated that it wasn't nearly as good quality.

Senator ALLEN. I believe that is all I have.

Senator HUDDLESTON.

Senator HUDDLESTON. No questions.

Senator ALLEN. Thank you very much.

Mr. Smith. Thank you very much.

Senator ALLEN. Mrs. Gail Huecker, please.

**STATEMENT OF LAUREL W. TRUE, SECRETARY, KENTUCKY DEPARTMENT OF HUMAN RESOURCES, FRANKFORT, KY., PRESENTED BY GAIL HUECKER, COMMISSIONER, BUREAU FOR SOCIAL INSURANCE, KENTUCKY DEPARTMENT OF HUMAN RESOURCES**

Mrs. HUECKER. As you are probably aware, Secretary True from the Department of Human Resources in the Commonwealth of Kentucky was unable to be here today.

Senator ALLEN. We are sorry that Mr. True was not able to come, but we are delighted that you have come in his place. We know you will do an excellent job, and we look forward to hearing your testimony.

Mrs. HUECKER. We appreciate the opportunity to appear before this committee.

Senator ALLEN. And possibly the distinguished Senator from Kentucky wishes to say something.

Senator HUDDLESTON. Mr. Chairman, I wish to welcome Mrs. Huecker to our committee. She is our commissioner of social insurance in Kentucky and doing an outstanding job.

Not the least of her problems of course is tailoring the Kentucky program to the Federal demand requirements. She is battling it every day and doing a great job. And we are pleased to have her doing the job she is doing in Kentucky. And we are pleased to have her here before this committee. And I can suggest to the committee and the members that whatever she says will be of great importance to the committee.

Senator ALLEN. Thank you very much.

Mrs. HUECKER. We appreciate that, Senator.

Senator ALLEN. You come very highly recommended.

Mrs. HUECKER. Thank you.

Gentlemen, we are here today to present to you a list of three actions I believe the Congress must take if the States are to be able to administrate an effective, economical——

Senator ALLEN. Excuse me just a moment. Is this Secretary True's testimony?

Mrs. HUECKER. This is Secretary True's testimony.

Senator ALLEN. But you endorse it and vouch for it?

Mrs. HUECKER. We do. We worked very closely in preparing it.

But we must take steps if the States are to be able to administer an effective, economical and accurate food stamp program for the thousands of people in need of food and nutrition assistance throughout the United States. The three changes needed in the food stamp program are:

Adequate Federal matching moneys for administrative costs associated with the food stamp program.

Application of the Federal matching ratio to all administrative costs associated with the program.

Simplification of eligibility and issuance processes of the food stamp program.

An adequate Federal matching ratio is necessary because, in recent years, the food stamp program roles have grown drastically. With the growth, administrative costs associated with the program have grown out of proportion to the ability of the States to provide adequate financial support. Also, most of these administrative costs, faced by the States, are the direct result of actions by the Federal Government that liberalize food stamp regulations.

At the present time the Federal Government is only providing Kentucky less than 25 percent of the program's total administrative costs. This is a direct result of Federal refusal to pay:

Any issuance costs.

Data processing costs.

And other administrative costs associated with the program that are in addition to the eligibility determination costs, which receive Federal support.

Federal support of the eligibility and total issuance process is essential if we are to have a low error rate, which means a valid case load.

By creating a complex eligibility process, we guarantee that many people will be charged an inappropriate amount for their food stamps and that many people who need food stamps will not apply because of the complex system which we have now. With the complex procedure now in operation, the process is both unfair to the recipient and also very difficult to justify to the taxpayers and the general public. The high error rates prove that we now provide food stamps to ineligible and turn away from truly needy people.

In a letter to Senator McGovern, Mr. Wilbur J. Schmidt, Secretary, Department of Health and Social Services for the State of Wisconsin, made the following comments, I quote:

"There appears to be no Federal action necessary to facilitate the transition from the commodity program to the food stamp program in our State"—and I am speaking now specifically of the commodity program as it relates to schools and institutions. However, we feel that much could be done to coordinate eligibility determination for all Federal public welfare programs. Administration and information gathering would be facilitated by standardization of income and resource definitions for the AFDC, medical assistance, and the food stamp program. Without such standardization, eligibility determination for food stamps is absolutely onerous administratively. We have attempted to secure USDA's cooperation in assisting us to make the program work better and easier for

everyone involved, but they have rejected our plan claiming that "Federal regulations" would not allow such progressiveness. Wisconsin is convinced that the previous experience of public assistance program should be enough evidence to deter USDA from attempting to make eligibility determination difficult and, subsequently a road-block to eligible people utilizing the program. All that you really accomplish by such a course of action is large scale error in the entire process and a subsequent destruction of public confidence in the program.

Secretary Schmidt has made a very important point in that we need standards of eligibility for all assistance programs. Attached to this paper is a quality control report for the food stamp program from the State of Kentucky. It is my understanding that Kentucky has fewer errors than most States. However, as you can see by the error rates on the attached tables, out of every 10 cases which are worked, there are approximately 5 incorrect in some manner or other. The reasons for this are very obvious: (1) a complex system of regulations must be applied in hundreds of field offices by thousands of people; (2) the food stamp worker under present regulations has to predict income and expenses for the food stamp applicant household. This is an impossible task to ask of anyone. For these and other reasons, I have raised in my report, I would certainly recommend that this committee standardize the food stamp program regulations with all other Federal welfare programs. This position has been expressed by Mr. Schmidt and many other States, including Kentucky, to our Senators and Congressmen, and also to the U.S. Department of Agriculture.

Before I give you my concluding remarks, I would like to make one additional comment on behalf of Senate bill 2871. As you gentlemen know, Senate bill 2871 provides that the school lunch program be continued by the U.S. Department of Agriculture. Speaking for Wendell Butler, Kentucky's Commissioner of Agriculture, we would certainly like to see the school lunch program continue. The present funds available to schools and institutions provided by county, city, and State taxation are not capable of meeting operating expenses. Should the school lunch program cease to exist, enumerable needy and hungry children would have to be denied free breakfast and lunches in the schools. This would represent a large number of children in Kentucky. Due to a lack of financial resources and adequate training in preparation of nutritious meals in the homes, the only nutritional meals that many can obtain are the free school lunches. To deny these children the right to a well-balanced meal in their diet is to encourage malnutrition and physical maladies which in many cases place these children in the welfare role in later years. I urge you to continue the school lunch program.

In closing: I am sure that many witnesses before this committee have argued, with some justification, that since the Federal Government pays 100 percent of the cost of the food stamps themselves, which in Kentucky amounts to over \$80 million per year, the State should bear the major portion or possibly even the full costs associated with the administration of the program at the State level.

We in Kentucky cannot and do not argue against that point of view, except to the extent that Federal regulations associated with the program constrain the State from maximizing the efficiency and accuracy of the food stamp administration at the State level. During recent years, Federal regulations have drastically increased the food stamp roles and therefore have directly increased the administrative costs associated with the program. A major portion of these costs have been borne by State governments without the States having any capability of controlling or even foreseeing these Federal regulations and policies. They have also had no way to influence or even to foresee the direct cost implications the program changes will have on the States. In Kentucky when the food stamp program is statewide, we will have over 500,000 people or a little less than one-sixth of our total population receiving food stamps. In some counties in eastern Kentucky, over 50 percent of the population are food stamp recipients. Obviously, State revenues in a State like Kentucky are strictly limited and significantly burdened by administrative costs associated with a program which involves such a large portion of our population. Without additional matching moneys, we will be unable to hire additional employees to efficiently handle the food stamp recipients in our State.

The increases in administrative expenditures incurred by the Commonwealth over the past 6 years show the tremendous revenue burdens which have been encountered by Kentucky because of the liberalization of the food stamp regulations by the Federal Government.

As you can see the percentage of State costs jumped greatly in fiscal year 1972-73 because of national eligibility guidelines which were put into effect by the Federal Government in 1972. As I have stated before, States cannot continue to bear this financial burden alone.

Attachment I shows the percent increase in administrative costs in Kentucky by fiscal year. This attachment shows the number of families and persons added to the roles of the food stamp program as a direct result of liberalized regulations which went into effect January 1, 1974. The percent of increase in the number of persons participating in the food stamp program which can be directly attributed to Federal regulations instituted in January is 5.8 percent. Since there will be an adjustment in the regulations again July 1, I appeal to you to provide additional administrative moneys.

[The attachments to Mrs. Hucker's statement follow:]

ATTACHMENT I—FOOD STAMP ADMINISTRATIVE COSTS BY PERCENT

Fiscal year	Kentucky administration costs	Federal administration costs
1968-69	69.9	30.1
1969-70	67.9	32.1
1970-71	65.5	34.5
1971-72	68.7	31.3
1972-73	77.7	22.3
1973-74 <sup>1</sup>	78.0	22.0
1974-75 <sup>1</sup>	81.0	19.0

<sup>1</sup> Estimated.

## ATTACHMENT II

	Families	Persons
Total for December 1973.....	103,204	355,95
Total for January 1974.....	109,197	379,08
Increased by one month.....	5,993	23,12

	Number of families	Number of persons	Cash paid	Bonus coupons	Total coupons
Food stamps issued for December 1973:					
Total.....	103,204	355,955	3,266,250.00	6,783,371.00	10,047,888
Food stamps issued for January 1974:					
Total.....	109,197	379,087	3,496,073.50	9,382,842.50	12,688,542
Food stamps issued for February 1974:					
Total.....	110,326	383,275	3,575,091.50	9,402,823.50	12,975,974
	Variable purchase options taken				
	Full	$\frac{3}{4}$	$\frac{1}{2}$	$\frac{1}{4}$	Total ATP
Food stamps issued for December 1973:					
Total.....	86,304	1,674	27,177	1,345	116,504
Food stamps issued for January 1974:					
Total.....	91,011	1,781	29,707	1,577	124,076
Food stamps issued for February 1974:					
Total.....	91,194	1,747	31,104	1,609	125,654

## FOOD STAMP ADMINISTRATIVE EXPENDITURES, COMMONWEALTH OF KENTUCKY, DEPARTMENT FOR HUMAN RESOURCES

Fiscal year	Total cost	Federal	State
1961-62.....	\$21,033.38	\$10,516.69	\$10,516.67
1962-63.....	74,197.64	37,513.32	36,684.32
1963-64.....	96,883.81	42,871.82	54,011.99
1964-65.....	181,029.29	75,793.70	105,235.52
1965-66.....	458,611.87	133,180.75	325,431.19
1966-67.....	784,776.16	193,465.80	591,310.39
1967-68.....	869,250.98	243,420.88	625,830.12
1968-69.....	935,541.32	281,535.91	654,005.46
1969-70.....	1,168,895.57	375,238.84	793,656.70
1970-71.....	1,719,053.62	592,238.70	1,126,814.91
1971-72.....	2,090,192.94	652,532.26	1,437,660.63
1972-73.....	4,411,268.35	1,011,382.71	3,399,885.62
1973-74 <sup>1</sup> .....	5,750,000.00	1,250,000.00	4,500,000.00

<sup>1</sup> Estimated.

## OUTLAY OF USDA FOOD STAMP COUPONS BY FISCAL YEAR IN KENTUCKY

Fiscal year	Total	Cash	Bonus
1961-62	999,250.00	323,198.00	676,952.00
1962-63	1,694,480.00	615,378.00	1,079,110.00
1963-64	2,330,876.00	898,177.00	1,432,699.00
1964-65	3,724,198.00	1,579,960.00	2,144,238.00
1965-66	9,640,292.00	5,446,662.00	4,193,630.00
1966-67	12,386,169.00	8,067,807.00	4,318,362.00
1967-68	20,297,176.00	10,691,362.14	9,605,813.86
1968-69	22,246,175.00	11,594,069.50	10,652,105.50
1969-70	38,358,957.00	14,395,174.50	23,963,782.50
1970-71	76,962,030.00	22,902,695.50	54,059,334.50
1971-72	89,644,560.50	26,835,566.25	62,808,994.25
1972-73	111,083,254.00	34,587,226.56	76,496,027.44

## TOTAL EXPENDITURES COMMODITY DISTRIBUTION PROGRAM

	Federal	State
June 1970	\$85,428.99	\$24,830.00
December 1970	121,959.47	25,683.00
June 1971	147,365.11	25,930.89
December 1971	147,021.21	24,999.00
June 1972	158,865.86	26,003.00
December 1972	135,574.87	28,689.70
June 1973	137,585.47	29,481.50
December 1973	137,738.24	25,374.11

DEPARTMENT FOR HUMAN RESOURCES,  
Frankfort, Ky., March 1, 1974.

## MEMORANDUM

To: Gail S. Huecker, Commissioner, Bureau for Social Insurance.  
From: Roy Butler, Deputy Commissioner, Office of Research, Program Analysis and Statistics.

Subject: Food Stamp Quality Control Status Report and Control Charts.

Statistical control charts and a Status Report are attached showing the cumulative results of the Food Stamp Quality Control system for the July-December 1973 sampling period as of the end of February 1974.

The control charts represent a technique of maintaining surveillance of FSQC findings and provide an early reliable indication of whether a program is functioning within acceptable tolerance limitations under Federal guidelines.

The statistical control charts are constructed on the basis of absolute quantities represented on the base line by the total number of cases reviewed and on the ordinate by the number of ineligible cases or cases with an incorrect basis of issuance at a given point in time. The charts by their design compensate for sample size or reliability regardless of the number of sample cases involved. The bottom line on the charts represents the established tolerance limitations on the levels of ineligible cases or incorrect basis of issuance. This represents levels below which it may not be feasible or, from a cost benefit standpoint, profitable to continue efforts to further reduce the level of ineligibility or incorrect basis of issuance. The upper control limit or line represents the basic tolerance limitations plus the probable sampling error which may be expected with any given set of data.

Five charts are attached representing the status of the Food Stamp case-load with respect to ineligibility, overcharges, undercharges, overissuances and underissuances. In addition, one chart representing the level of invalid decisions on negative actions (denials and discontinuances) is included.

## FOOD STAMP QUALITY CONTROL—STATUS IN CURRENT REPORTING PERIOD, JULY-DECEMBER 1973

[State: Kentucky; report for the month of February 1974]

Item	Food stamps	Percent of error
<b>ACTIVE CASES</b>		
1. Sample size required for reporting period.....	1,200	-----
Cumulative number (including current month) of:		
2. Sample cases selected.....	1,304	-----
a. Cases listed in error (not covered by quality control system).....	14	-----
b. Case reviews not completed for other reasons.....	69	-----
i. Death.....	15	-----
ii. Moved out of state.....	4	-----
iii. Unable to locate.....	41	-----
iv. Unwilling to give information.....	9	-----
v. Other.....	719	-----
3. Case reviews completed.....	313	43.5
4. Correct cases.....	205	28.5
5. Ineligible cases.....	39	5.4
6. Overcharge cases.....	145	20.2
7. Undercharge cases.....	4	.6
8. Overissuance cases.....	13	1.8
9. Underissuance cases.....		
<b>NEGATIVE CASE ACTIONS</b>		
10. Sample size required for reporting period.....	800	-----
Cumulative number (including current month) of:		
11. Sample case actions selected.....	989	-----
a. Cases listed in error (not covered by quality control system).....	181	-----
i. Nonreviewable reason for discontinuance, PA household.....	93	-----
ii. Improper discontinuances in the last 15 days of the certification period.....	88	-----
b. Case reviews not completed for other reasons.....	7	-----
i. Death.....	1	-----
ii. Moved out of state.....	1	-----
iii. Unable to locate.....		
iv. Unwilling to give information.....	5	-----
v. Other.....	536	-----
12. Case action reviews completed.....	362	67.5
13. Correct decisions.....		
14. Case actions with:		
Incorrect reason for denial or termination.....	56)	32.5
Requirement for 15-day notice not followed.....	118)	

Mrs. HUECKER. We appreciate the opportunity to make this presentation. And will be willing to answer any questions that might be asked.

Senator ALLEN. Thank you very much, Mrs. Huecker.  
Senator Huddleston.

Senator HUDDLESTON. Mrs. Huecker, do you have a suggested percentage for Federal participation in administrative costs?

Mrs. HUECKER. We support Senator McGovern's bill which indicates a 62½ percent ratio and matching.

Senator HUDDLESTON. What changes in Federal regulation or law might you suggest to substantially reduce the cost burden in the States in administering the program?

Mrs. HUECKER. When we speak of change, I think we speak at the Federal level. The Department of Agriculture and those representatives of HEW who deal with title 19 and the public assistance programs should gather together to send out like rules rather than make income allowances, which are different in the various programs, and if we could have uniformity in this one area alone we would have a better shot at training our staff and not have to have a skilled staff in food stamps and a skilled staff in medical assistance and a skilled staff in varying programs.

Senator HUDDLESTON. And it would facilitate computerizing this, too, wouldn't it?

Mrs. HUECKER. Yes.

Senator HUDDLESTON. Do you have any comments on the use of cash versus commodities in the school lunch program.

Mrs. HUECKER. It is our feeling at this time—and I am not as familiar with the commodity program in the schools, since that is under Commissioner Wendell Butler—but certainly from my past experience we would feel that the cashout would be very, very unfair to those people participating because of the escalations in costs of food, and that there would not be the same opportunity to develop a nutritious diet. I know in our particular school programs and our institutional programs that use commodities, they do use nutritionist advisors who review the menu for proper balance in the diet, and that there are many, many children who would not really receive this kind of nutritional need. I think it is probably one of the most important things in early years, particularly in our rural areas, where there is such limited opportunity for employment for parents.

Senator HUDDLESTON. Properly utilized, maybe each school would have to have a purchasing expert and a nutritional expert, is that right?

Mrs. HUECKER. Right.

We feel that with the number of counties—again, it is a question of uniformity as we are asking HEW and USDA—it is a question of having highly skilled people who can travel to the various schools to give help in the direction of the school lunch program and check on what the children are receiving.

Senator HUDDLESTON. In our food stamp program in Kentucky do you have an indication of the volume of clients, I would call them, that might be misusing the stamps and buying articles not generally considered to be food.

Mrs. HUECKER. There are of course complaints of this nature, but they are far smaller than any complaints about those people participating. And we do have our quality control operating. I think that the problem is not one of misuse of the program as much as it is one of educating the public to what the food stamp program is so that they understand who can participate. Many of the lower salaried individuals within a State are eligible for food stamp participation, and people can not understand this. But the fraud within the program has not been really examined to that extent. But certainly the complaints are minimal compared to the complaints of the complexity of getting food stamps.

Senator HUDDLESTON. From the recipients do you receive any complaints that they have difficulty in using the food stamps? Are any of the retail outlets causing them trouble?

Mrs. HUECKER. I think there may be individual attitudes on the part of some individuals within grocery stores, and other vendors. But I think that we have had a very creative director of the food stamp programing in the Commonwealth. Mr. Rick Crawford has done a very good educational job in pointing out to the counties what

the benefit of the additional expended money in that community is. We publish monthly the amount of money that is being used in the food stamp program in each one of our counties so that the individuals know that this additional revenue is coming which increases business and employment. We have seen during the last 2 months, with the energy crisis and with the unemployment rate change, an increase of 4,000 cases participating on a monthly basis. And when we go statewide, there is going to be a very, very high participation in the program.

Senator HUDDLESTON. What percentage of our counties now participate, roughly?

Mrs. Huecker. We have 120, and all but 18 are participating. You will recall that Governor Ford made the decision 6 months ago—we were very fortunate, Senator, we didn't have to go into all of it in one day, as Federal law requires, July 1—and so we have been phasing in. And we have all of our counties participating now with the exception of 18, and we have been using postal issuance, which we have found more effective.

Senator HUDDLESTON. Has there been any volume of complaints from merchants in converting the stamps that they received?

Mrs. HUECKER. No, we don't have a volume of complaints in that area. It is a program that is accepted. I think you all are most aware of the fact that it was a program that was accepted, to the point that when the rider was put on the bill with the federalization of the AADB categories, you heard a hue and cry from across the Nation about the older participants who were disadvantaged by the fact that they could no longer participate, when the year before we went out and found all of the aging and sold them on the food stamp program. They were quite concerned about the fact that we were legislating something that they felt they weren't aware of by not allowing them to participate—which is another problem for the State administration, because we don't have the guidelines, and we don't know exactly who is or who is not eligible in that particular group. But we are doing our best to—and this is where the error rate comes in. I think this is what the taxpayer gets upset about, they don't mind any of the programs that help people, it is when you don't have a valid group of people receiving the benefits of the program that they get concerned.

Senator HUDDLESTON. Thank you very much.

Senator ALLEN. I believe, then, the thrust of your testimony really is directed toward asking that the Federal Government pay a larger share, or at least apply the same percentage of administrative costs—that they pay a larger share of the administrative costs by applying this same percentage to all administrative costs, is that the thrust of your testimony?

Mrs. HUECKER. Yes sir.

Senator ALLEN. While you also mention the school lunch program, you are really not making any specific request there except that the Congress continue the school lunch program, is that right?

Mrs. HUECKER. Yes sir.

Senator ALLEN. I assure you that I am confident that the school

lunch program is here to stay. And I feel like it has the enthusiastic report of the Congress and of the public generally.

You might be interested in some of the figures that Mr. Smith showed from Alabama on the makeup of the payment for the average school lunch. And on February 28 the average cost of producing each lunch in Alabama was 68.8 cents. And the Federal Government is contributing toward that 68.8 in three areas. They donate commodities of 8.2 cents. And then they are, under section 4, contributing 10 cents, and under section 11, contributing 45 cents, leaving only 5.6 cents out of the 68.8 to be paid by local sources. So they have taken over the great bulk of that expense. And due to the escalator clause that was put in the school lunch bill late last year, this 10 cent item has been escalated on account of increased costs to 10.5 cents. And the 45 cents has been escalated to 47.25 cents, leaving only 2.85 cents unaccounted for there. So it does look like the Federal Government is doing the lions share of carrying the school lunch program.

I am sure you are familiar—and I am not, I am really asking for information—your State government in Kentucky, is it operating so as to have a surplus? Does your State have an accumulated surplus in your State government activities? And if so, how much is it?

Mrs. HUECKER. I think I would ask the Senator. I don't think they have been operating surplus, I think they have all been looking for additional funds.

Senator HUDDLESTON. Just in election years, Senator. We carry forward very little surplus.

Senator ALLEN. I believe under the food stamp program some \$80 million in bonus amounts—that is the difference between what is paid for food stamps and then the purchase value—some \$80 million is being pumped in there by the Federal Government, is it not? And I believe the Federal Government pays all of the costs of the food stamps?

Mrs. HUECKER. That is right. I think the only contention that we are making, Senator, is that if USDA in its wisdom could establish other mechanisms for setting eligibility criteria it would cost the State less to administer the program that we could apply to other needs.

When you asked a question about carryover surplus, I am not that aware of the total budget, but I am aware of the fact that the Commonwealth and the Governor and our own House and Senate are concerned about the needs of the tremendous numbers of people who are in poverty. And the Human Resource Department budget did get an additional \$11 million appropriation to match with Federal funds in order to be able to provide for this federalized group which was disadvantaged, as you will recall, particularly those in nursing homes, and personal care. So that there has been real attention given by the Commonwealth and its leadership to the programs that we can improve in order to serve more people.

Senator ALLEN. So it is part of the public policy of the State, then, to add as many people to the food stamp roles as can legally be added, is that correct?

Mrs. HUECKER. Yes sir, those that are eligible.

Senator ALLEN. And you are doing a pretty good job on that, as is being done all over the country?

Mrs. HUECKER. Right. I think what we are concerned about is the tremendous numbers of people. And when you say doing a pretty good job, when a person has to wait 60 days for a application and they are hungry, it is not doing a very good job, if you don't have a sufficient staff administratively or otherwise to get that person certified. The certification process takes so long because of the various things.

Senator ALLEN. Was the State making any effort to fill this need prior to the Federal food stamp program?

Mrs. HUECKER. Well, we were doing it only through our public assistance programs and the commodity programs.

Senator ALLEN. Those are Federal programs?

Mrs. HUECKER. Those are Federal programs, too.

Senator ALLEN. Is there anything initiated at State level to take care of these hardship cases?

Mrs. HUECKER. Well, there are general assistance funds that are operated within counties that have met crisis needs. But I think most of it—

Senator ALLEN. It would be a drop in the bucket?

Mrs. HUECKER. Right.

Senator ALLEN. Thank you very much.

Mrs. HUECKER. Thank you, Senator.

Senator ALLEN. Mr. Harold McGrew, director of the food stamp program, the State of Nebraska.

Mr. McGrew, we are delighted to have you come before the committee. And we look forward to hearing your testimony.

**STATEMENT OF HAROLD R. MCGREW, DIRECTOR, FOOD STAMP PROGRAM, NEBRASKA DEPARTMENT OF PUBLIC WELFARE, LINCOLN, NEBR.**

Mr. MCGREW. I am here representing Mr. Lawrence Graham, who is the Director of the Nebraska Department of Public Welfare. He couldn't be here today, and he extends his apologies for not being able to appear before the committee.

With your permission, Mr. Chairman, I will go ahead and read this, and then if there are comments or questions, I will answer them.

Senator ALLEN. All right.

Mr. MCGREW. The testimony I am presenting is related specifically to the provisions of S.2871 amending section 15(b) and adding a new section 18 to the Food Stamp Act of 1964.

1971 amendments to the Food Stamp Act created an entirely different financial situation for States than the provisions in section 15 (a) and (b) were intended to cover. Under the provisions in section 10(c)(5) the outreach and quality control programs were added to certification and fair hearing officials as eligible for Federal financial participation. However, the additional requirements for administration of (1) work registration, (2) 60-day continuation of eligibility, (3) public assistance withholding (4) additional measures

(5) increased accountability requirement, for example; maintenance of records, evaluation of quality control findings, corrective action and many more activities requiring support personnel and equipment that has not been given proper consideration until S. 2871 was introduced by Senator McGovern.

These things I have mentioned are mandatory requirements placed into the law in the past 3 years and now the food stamp program itself is a mandatory program. Personally, I believe this is good. However, many States, having a choice, chose the needy family program which is a part of the commodity distribution program. Why such a choice? The law said States would provide or make available a food program to all eligible people within their State. In addition USDA not only provided the food, which was 21 items at the time—1970, but also paid 100 percent of the administrative cost for running a needy family program. It made no difference which was more beneficial to a participating household, the food stamp program cost money to operate and the administrative costs were all paid by the State from State General Fund Appropriation. Now those States who chose commodities must convert to food stamps. They did not have the opportunity or I should say the need to grow with a program. The needy family program did not have the eligibility requirements, the mandatory fiscal and operational controls, security or issuance cost that were required and demanded by USDA and Congress for the food stamp program. The cost of the conversion to these States in some instances runs into millions of dollars that legislatures must now appropriate. In most cases the dollars must come from an already overburdened tax base.

States, all States, need Federal financial assistance in administering the food stamp program beyond that 29–30 percent they are now receiving. Actually the administrative requirements to claim this percentage of return reduce the actual gain to about 24–25 percent. Lack of this support by the Federal Government isn't just a matter of not getting Federal support. It means that a good nutrition program, one that is benefiting millions, is not operating at potential and as a consequence there are and will be many eligible persons not receiving the nutritional benefit they are entitled to because a State or States cannot afford to tool up to adequately administer the program.

This has been a problem since inception of the program in 1964 and has become a greater problem since the President's Conference on Hunger in 1969. Waiting lines, client and worker frustrations, and claims of client abuse and lack of responsiveness by the—bureaucracy—responsible agencies are a direct result of inadequate funds for even minimal facilities and personnel to support the administration of the program.

With the reimbursement of 62.5 percent across the board for administrative costs of program operations the States already in the program can expand operations to an effective and efficient level of operation without additional cost to the State and those States just beginning the program can begin at a reasonable level of effective operation.

The State of Nebraska is very concerned about Federal reimbursement for food stamp program administration. At the present time we are spending annually in excess of \$643,263 in State appropriated funds and another \$196,500 in county appropriated funds to administer the program for a total of \$839,763.

Approximate nonreimbursable costs to the State and counties are:

1. ADP maintaining accountability and issuance of ATP cards -----	\$35,000
2. Support personnel -----	200,000
3. Security insurance and bond, etc. -----	20,000
4. Facilities cost -----	6,500
5. Issuance -----	134,000
6. Postage -----	7,500
<b>Total -----</b>	<b>403,000</b>

Estimated maximum reimbursement under existing laws is \$272,976 leaving a balance of \$566,787 to be paid by State and county appropriated funds.

Estimates have been provided by USDA that the State should receive revenue from food sales tax on bonus coupons in the amount of \$200,000 annually.

There are 15,800 households participating in the program with an average of 3 members per household would receive a food tax refund annually of \$474,000 under Nebraska law. Therefore, the free coupons issued that are provided by USDA do not provide an incentive for expansion of the program nor do they provide financial gain in regard to sales tax on food for Nebraska food stamp program administration.

However, the food programs do provide a definite economic benefit to the State throughout normal trade channels. It has been stated that the food stamp program increased the gross sales by retail food stores by 12.5 percent over sales made prior to implementation of the program in an area. It has also been stated that a 1 percent oversupply of food creates a 4 percent dip in prices. It appears then that expansion of the food stamp program to a greater percent of its potential would be advantageous to clients, business, agriculture, the entire socioeconomic environment.

The full potential of the food stamp program to meet nutrition needs of eligible households cannot be accomplished in Nebraska without Federal financial support toward food stamp program administrative costs. If 62.5 percent Federal reimbursement is authorized, it would be possible for Nebraska to meet mandatory requirements of the Food Stamp Act, provide more effective program accountability and service to needy persons as we feel it should be done, but cannot provide due to inadequate funds to do so.

In summary, since the food stamp program is now considered a mandatory nutrition program and Congress has set forth mandatory program functions, tokenism can no longer be practiced as it was when food stamp program participation was voluntary at State, county and client levels. For Nebraska, 62.5 percent Federal participation in food stamp program administration is a must if we are to administer the program as required and as we want to administer the program.

Nebraska's position with respect to S. 2871 is supported by statistics gathered from 29 States by the National Council of State Public Welfare Administrator's Food Stamp Subcommittee. Testimony on behalf of the council, a constituent group of the American Public Welfare Association, is also being presented today in support of S. 2871.

Senator ALLEN. Thank you, Mr. McGrew.

Your testimony, then, goes to that portion of the bill having to do with additional Federal payment of administrative costs on the food stamp program?

Mr. MCGREW. Yes sir, this is what we were asked to speak specifically to.

Senator ALLEN. Now, have most of your counties there in Nebraska shifted over to food stamps?

Mr. MCGREW. Starting in 1968, we worked only the food stamp program. And we only had one needy family program in the State. We now have 92 of our 93 counties in the food stamp program—the last county came in August 1973.

Senator ALLEN. Does that make it unanimous?

Mr. MCGREW. We have one left.

Senator ALLEN. What is that?

Mr. McGrew. It is Sioux County in the northwest part of the State. And administration is one of the biggest problems—the peculiarities of the county—as you know, the western two-thirds of Nebraska is sandhills and cattle country. So the population of this one county concentrated in about a 70-square-mile area 56 miles from the county seat. In between the county seat and the population centers there are no people. And then you go to the northern end of the county and there are very few. So about 20 percent of the population is in the north. So this is one of the peculiarities which keeps us from having a 100 percent right at the moment. But we have been provided encouraging information that they do intend to go into it before the end of June.

Senator ALLEN. I notice Mrs. Huecker had the amount of food stamp bonus there in the State. Do you have that figure from Nebraska?

Mr. MCGREW. Yes, sir. Our bonus per year is about \$9,200,000. That is the reason for the comment that says that this new money in the community does have an economic impact upon the whole State.

Senator ALLEN. Only \$9 million?

Mr. MCGREW. Well, our program is small, sir. We have 15,800 households. Our total issuance of food coupons is about 16 million a year. So we run about a 52 or 53 percent bonus, it is a little higher than the national average of 52 percent.

Senator ALLEN. Kentucky has a bonus around \$80 million. Does that indicate that the economic conditions of Nebraska are considerably better than in Kentucky?

Mr. MCGREW. Yes, sir, in most cases. We had only 13 counties in 1970, if you will recall—they were counties identified that had a per capita income below an established average—we had 13 counties in Nebraska that were in this category. Kentucky's participating population is about 100 times what Nebraska's is.

Senator ALLEN. How many households do you say you had?

Mr. McGREW. 15,800. We figure that we are operating at 40 to 60 percent of our potential. We have many aged persons, but of course these persons are retired farmers, ranchers, and so forth. And many times excessive resources or income does prevent them from participating in the program.

Senator ALLEN. You have 15,800 now?

Mr. McGREW. Yes sir.

Senator ALLEN. I notice on page 3 of your testimony, a little below the middle of the page, you say:

It is estimated that the food sales tax on bonus coupons in the amount of \$200,000 annually, in the next paragraph it says that 15,800 households participating, which you say you have, should result in a tax refund of \$400,000.

Mr. McGREW. What I am saying is that USDA by some of their statistics have said that the revenue to the State would be \$200,000 from the bonus food coupons, because of the food sales tax.

Senator ALLEN. What is the \$474,000?

Mr. McGREW. That is what the State pays back to the clients on a tax refund.

Senator ALLEN. You say they paid that back to the recipients?

Mr. McGREW. Yes sir, \$10 per person.

Senator ALLEN. \$10 per person?

Mr. McGREW. Yes.

Senator ALLEN. How is that figured, how is it set?

Mr. McGREW. The State Tax Commission establishes not only the income tax rate on a yearly basis, but they also establish what the food tax refund is through the legislature.

Senator ALLEN. You have a special law there giving the recipients of food stamps—

Mr. McGREW. No, the entire population gets a \$10 per person rebate or credit on their State income tax for food sales tax. If they pay no State income taxes—they get a food sales tax refund if they apply for it.

Senator ALLEN. Moreorless a negative income tax type matter?

Mr. McGREW. In a sense.

Senator ALLEN. Well, I don't see how you could charge that expense up to the food stamp program.

Mr. McGREW. No, I wasn't allowing to that. What I was stating was that USDA came along and said that the reason we can't pay 62½ percent is because there is \$9 million worth of bonus coming into your State that is going to produce a revenue of \$200,000, and that should pay your food stamp costs. What I am telling them is that we only collect the \$200,000 revenue, but in addition to that, in paying that back to the person that paid it in the first place, we give an additional \$274,000.

Senator ALLEN. You would have to do that, though, whether you had any food stamps at all, would you not?

Mr. McGREW. However, it takes the impact off of the bonus food coupons providing revenue to the State to support the food stamp program.

Senator ALLEN. Whether you had a food stamp program or not you would have to be giving this \$10 refund, would you not?

Mr. MCGREW. Yes.

Senator ALLEN. Now, it would seem here that the unreimbursed costs to Nebraska is \$566,000.

Mr. MCGREW. Yes sir.

Senator ALLEN. And then you get \$200,000 back in sales taxes. That would leave your total net input into the program of \$366,000 in a sense.

Mr. MCGREW. Technically, yes.

Senator ALLEN. You say that if you expand your program, if the Government pays more money into it, you could expand your food stamp program and bring more food stamp money into the State. Well, it looks to me like it would be a pretty good investment to spend another \$300,000 and bring this additional money into the State without expecting the Federal Government to furnish the subsidy whereby the State goes out and gets more people on the program to get more tax money into the State, and to require the Federal Government to pay still more money in food stamps, there is just an endless chain there, it looks like.

Mr. MCGREW. The point that was proved in the statistics is that it works to the advantage or disadvantage to a State. What we are saying is that additional work can be done, and additional persons can be served, if we have Federal reimbursement for expansion of the program, or even a continuation of the program at the level that we are now operating. As the participation increases, the increased cost is not linear. At the present time, as an example, to meet the mandatory requirement of quality control, I am about 7,000 man-hours per year short in accomplishing this particular function, because there are no State dollars to hire additional people to provide program accountability. As the program increases, the data processing that we would have to have would considerably increase in cost and not particularly in relationship or proportion to the increase in the number of persons served.

Senator ALLEN. Actually it looks like if you had 15,800 on the roles that were costing you \$500,000, you could put another 15,000 on at half that, since you already have those people working, I assume, and half the equipment.

Mr. MCGREW. No, because if we put 15,000 more people on the roles we are going to have to double our staff.

Senator ALLEN. The more you put on—it doesn't go down, it increases? In other words, it costs you twice as much, it is more than double, then, everything you double the number on the rolls?

Mr. MCGREW. Yes sir.

Senator ALLEN. Is that right?

Mr. MCGREW. Yes sir.

Senator ALLEN. It would seem to me that it would go down.

Mr. MCGREW. Working against caseloads. An individual can only process so many applications or do so many transactions or actions in a given amount of time. If we want to extend the amount of time

that is required for response, let's say if we want to respond to an application in 30 days instead of in 10 days, then that creates a different situation. If we want to go to 60 days before we respond, then that creates another situation. Because each individual could handle a bigger caseload.

Senator ALLEN. I thought the theory of mass production was, though, that as you started producing more, the cost per item went down. But apparently that is not true.

Mr. MCGREW. The only question I have to ask is, after you have worked the machines to capacity, what do you do then? You cannot add or increase in production, there is no more production. In other words, you have hit the capacity of the machine. In fact, you are working it to a point, instead of an amortization period of 10 years, it is going to go to pieces in five because you are overloading it. And this is what we are saying. And in relationship to the remark here on this \$200,000, it was a rebuttal to USDA telling us that we were actually benefiting in the State by gaining revenue from the program that we were not putting back into the system.

Senator ALLEN. You also have to educate your people there. I don't see that the fact that the general law requires you to make a refund to everybody in the State ought to be charged up as an item of expense against the food stamp program.

Mr. MCGREW. This was a part—and I don't like to get into this part of it, Senator, but I will—a part of the State sales and income tax that was implemented several years ago, a part of passing it was a refund to persons for food taxes that were collected.

Senator ALLEN. As a result of a campaign pledge or something?

Mr. MCGREW. That is what it was.

Senator ALLEN. Do you know how much surplus the State of Nebraska has in the operation of its State Government?

Mr. MCGREW. I will state that again, it is an election year, and any surpluses are very low. We do not carry a very large surplus from year to year anyway. The State operates more-or-less on a pay as you go program.

Senator ALLEN. You don't have a State debt, do you?

Mr. MCGREW. No sir. We work pretty close to the line, so close to the line that in fact right now we are having a budgetary problem trying to maintain the present level of operations.

Senator ALLEN. I think I can understand why you all never have to borrow money out there, you are pretty close figurers. And I want to commend you for that, I am not being critical, I think it is very fine that you are operating in that way. And these are interesting figures. And I think as we examine other witnesses from other States we are going to want to find out how their State is being operated.

Mr. MCGREW. I think you will find many systems, Senator, being a small State in population—

Senator ALLEN. You produce some mighty fine football teams out there, don't you?

Mr. MCGREW. Yes. I want to say also, that the Big Red has some imports. Being small has its advantages and disadvantages. One way the disadvantages of being small is that you can really look at your program and find its faults.

Also, on the other hand, it is an advantage, because being small you do not have near the problems, say, of a State like Kentucky with 100 times more people involved, we have probably 50,000 people in the Government food programs and they have got 500,000. And as I say, the problems don't always show up as linear, sometimes they are almost inverse to the square. So by trying to force something through a tube you create distribution losses in the tube itself that reduces the end product. And I think what I am saying is, that increasing the numbers of persons, having an available operating program, informing persons and referring them to the program is a job in itself. Because we don't look at the program as a benefit program, say, as you do public assistance, we look at it as a nutrition program and work at it on that angle. Because again, being small, we have been able to look at what has happened and have a personal contact with these people. And the program is wonderful. Even in one of our most difficult counties, which is Thurston County, which has two Indian reservations, we went from commodities to food stamps. And it was quite a traumatic experience. But now the people on the reservations want to know why they didn't do it sooner.

Senator ALLEN. Thank you very much. That was very interesting. I have enjoyed talking to it. I have unduly burdened the record there, but I appreciate it very much.

Mr. McGREW. Thank you very much, sir.

Senator ALLEN. Mr. E. C. Bryant, please.

Mr. Bryant, we appreciate you coming up and appearing before the subcommittee and giving us the benefit of your views. And we are delighted to have a representative of our neighboring State of Georgia.

**STATEMENT OF E. C. BRYANT, STATE FOOD OFFICER, GEORGIA  
DEPARTMENT OF HUMAN RESOURCES, ATLANTA, GA.**

Mr. BRYANT. Thank you, Mr. Chairman.

The statement that I will present here does represent the position of the Georgia Department of Human Resources.

Mr. Chairman, and members of the committee—

Senator ALLEN. Mr. Bryant, we do have a 10-minute limit. It will probably take longer than that for you to read the statement in full.

Mr. BRYANT. All right, I will probably omit some of this.

We welcome the opportunity to meet with you today to discuss the following proposals now under consideration pertaining to the administration of the food stamp program:

1. Our concern is for the ever increasing administrative cost confronting our State and county governments in administering the Georgia food stamp program.

2. We should also like to call to your attention the effects that the implementation of a statewide food stamp program will have on other nutritional programs in Georgia.

We are pleased to report that in accordance with the congressional mandate, Georgia has prepared and submitted a plan for the

implementation of a statewide food stamp program by June 30, 1974. We should like to point out, however, that prior to this mandate, 134 of Georgia's 159 counties had voluntarily requested and were operating a food stamp program. We now have 158 counties that have been approved. One county has not yet agreed to the program.

The most significant problem encountered in changing project areas from the food distribution program to the food stamp program has been the requirement by the U.S. Department of Agriculture that either the State or the county government assume all administrative cost relating to the issuance of the food coupons. In Georgia, State funds are available only to meet matching requirements for food stamp eligibility determination and for payment of salaries and expenses on a State staff consisting of five employees. As a result of limited State funds, we have no alternative but to require our county governments to assume all cost related to the handling and disbursement of the food coupons. It has been most difficult, if indeed not impossible, to explain to boards of county commissioners why the Federal Government has made available, through the State, grants to counties from the operating expense fund to defray a high percentage of the cost of administering the food distribution program, but will provide no financial assistance relating to the cost of the issuance of food coupons. In Georgia, we have been anxious to phase out the commodity program to needy families. However, we understand the county commissioners' point of view and recognize that they have a valid reason in being reluctant to change the system for providing food to low-income households.

Since Federal matching funds for all administrative costs have not been provided, the task of administering the program has not been provided, the task of administering the program has been made tremendously more difficult for the State. When a State must depend on a lower echelon of government to bear the total cost of a segment of a program, it becomes difficult to establish and to enforce uniform standards pertaining to service to recipients, establish qualifications for personnel, maintain and provide security for the handling and storage of food coupons, and to provide adequate insurance to cover any loss of coupons or cash collected from the sale of food coupons.

We would also like to discuss our reasons for recommending that the committee support legislation to provide Federal assistance for all cost factors related to the food stamp program which are not presently shared by the Federal Government on the same ratio now provided for eligibility determination, outreach, and quality control, that is, Federal 62.5 percent, State 37.5 percent.

The States are administering a Federal program that is rigidly controlled by legislation and through regulations and instructions issued by the promulgating Federal agency. In estimating our caseworker requirement at the local level for fiscal year 1975, we anticipate that the food stamp program will represent up to 45 percent of the casework load. The food stamp program is a complicated and difficult program to administer.

Policies and procedures for implementing the program are in a state of continuing change. Three primary causes for these continuing changes are:

1. New legislation intended to improve the present program and expand the benefits to additional low-income households.
2. New policy and procedural regulations issued by the USDA.
3. Changes in policy which are required as a result of court orders.

In Georgia, the State is now paying 57 percent of the cost of the food stamp program which is exclusive of funds provided by county governments. In considering all cost factors, we fully concur in the findings of the Select Committee on Nutrition and Human Needs, chaired by Senator McGovern, which indicate that the U.S. Department of Agriculture reimburses the States for no more than 28 percent of the total administrative cost of the program and our figures bear this out. We should like to point out that in instances where the USDA does provide matching funds, with the exception of quality control and outreach, Federal assistance is extended only through the first-line casework supervisor. In order to arrive at an accurate cost of the food stamp program, the cost should be prorated throughout all units of the State and county agencies in a direct relationship to the amount of time required to administer the program. For example, State and county administrative, supervisory, and clerical staff must devote time to the program. In addition, personnel, accounting, computer services, office space, utilities, supplies and equipment are required. At present, the State and counties are responsible for food coupon issuance and must assume total liability for any loss of food coupons or cash collected from the sale of the food coupons.

We do not concur in the USDA's contention that the State or local governments should bear the total issuance cost for the food coupons as a result of the State sales tax generated through the use of food stamps. In Georgia, the State sales tax law was originally enacted to defray expenses associated with educational programs. Although the money does go into the general revenue fund, it is difficult to break with tradition, particularly when the continuing needs of these programs for improvement and expansion absorb any additional revenue that may be received as a result of economic growth. Furthermore since most other money payment programs also generate a sales tax, it does not seem logical that the food stamp program is singled out as an exception and to use the sales tax as an excuse for limiting matching funds to the States.

In Georgia, we recognize that an effective quality control system can be a valuable tool in revealing program weaknesses, particularly as they relate to the process of eligibility determination. We, therefore, appreciate the Federal matching funds made available to support this activity. However, we believe it is equally important for the Federal Government to assist in providing State administrative, and policy supervisory staff, for the purpose of avoiding a high error rate, and to be available to initiate corrective action when errors or weaknesses are reflected as a result of Federal Administrative Project Reviews, Office of the Inspector General Audits, or Quality Control Reviews.

In considering the above factors and conditions, we believe we are justified in requesting the committee to urgently support legislation to provide Federal matching funds to States to support all program and administrative cost relating to the food stamp program. We believe this to be an appropriate and valid expenditure of Federal funds and are confident that if legislation is enacted to support this request, we can indeed administer a more efficient and effective program and that it will enable the State and county governments to significantly improve services to our low-income citizens.

Furthermore, we believe if the proposed legislation is enacted, it will enhance the possibility of attaining additional State matching funds which would make it possible for the State to relieve the counties of food coupon issuance cost and all other related expenditures.

The State would then be in a position to establish needed criteria and standards which would result in uniform performance of all aspects of the program. The State would also be in a position to negotiate a statewide umbrella insurance policy that would provide more adequate comprehensive coverage at a much lower cost.

In order to save time I would like to comment on two other situations which we are experiencing in Georgia.

One, Mr. Chairman, as we have proceeded to phase out the food distribution program, it has resulted in a problem in trying to service many of our small institutions, our day care centers, our Headstart programs and other public and nonprofit agencies that have been receiving commodities through these various counties distribution centers. Now that we are phasing out the food distribution program these facilities have disappeared and the State has been unable to devise an alternate system to provide a service to these people.

Now, we are talking about in Georgia 44,000 or 45,000 children, orphans, and others serviced in this type of small institution. We are talking about another 77,500 participants of summer camps representing 720,000 camp days. We have not been able to find or develop an alternate system, because we are doing away with the facility through which distribution has been provided through the Department of Human Resources on a no-cost basis to these people. And we are very concerned about them, because they have not been able to compensate for this loss in their budgets. And we would hope that the committee would find a way where these groups could receive food stamps or be cashed out, as I don't think we are going to be able to devise another system that would be economically advisable, it would probably cost more to set up a system than the value of the food involved. But yet they are very proper groups, and they are very needy groups.

The other comment I would like to make is, we are concerned in respect to the absence of a supplemental feeding program for people who need special diets, pregnant women, and any case where there would be a prescription for this type of supplemental feeding. We had hoped that the WIC program for women, infants, and children could be developed to a point where it could be imple-

mented on a statewide basis. However, if there is going to be a time lag here, again we would like to urge the committee to consider building a supplemental feeding program back into the food stamp program—I think it was a year ago the Senate committee did propose building in a supplemental program. We would like to see these benefits built back into the legislation. Because this program, even though it was limited in Georgia, was a very, very useful program.

Senator ALLEN. Mr. Bryant, don't they have a WIC program down there?

Mr. BRYANT. Yes, we do have. It just started this year.

Senator ALLEN. Is that inadequate, or are there possibilities there, or what?

Mr. BRYANT. I think, Mr. Chairman, that if it could be implemented more rapidly—I think the basis of the program is good, yes, I do. It just isn't reaching enough people.

Senator ALLEN. That is a step in the direction that you are suggesting, is that right?

Mr. BRYANT. We would like to see it speeded up.

Senator ALLEN. But it is just inadequate?

Mr. BRYANT. It just isn't moving fast enough to reach enough people. And of course now that we are bringing in the other 25 counties in Georgia, which represents metro Atlanta, and we are talking about 30,000 or 40,000 families in this metro area. And they will be hurting very much, because they had a supplemental feeding program and a food distribution program.

Senator ALLEN. You handle the food stamp program?

Mr. BRYANT. Yes sir.

Senator ALLEN. And other nutritional programs there?

Mr. BRYANT. Other than that, yes sir.

Senator ALLEN. And the thrust of your testimony, then, is toward those programs rather than that aspect of the bill dealing with the school lunch?

Mr. BRYANT. That is correct.

Senator ALLEN. Do you have any idea how many people in Georgia received food stamps and what the bonus amount is?

Mr. BRYANT. Yes sir. Based on last month's participation, the amount of total food stamps dispensed was about \$120 million, if you projected that on a year's basis. When you bring in the other 25 counties, we are talking about something considerably more than that. At present, we are disbursing \$65 to \$70 million or more on bonus and another \$40 million cash. It averages 60 percent bonus and about 40 percent cash for our program in Georgia. In respect to participation, when we bring all the other counties in we will have well over 400,000 persons participating.

Senator ALLEN. Well over 400,000 persons?

Mr. BRYANT. Yes; it is that now.

Senator ALLEN. And the anticipated bonus would be how much then?

Mr. BRYANT. I would anticipate that the bonus by 1975 will probably reach as much as \$130 or \$140 million, maybe more.

Senator ALLEN. I am talking about the bonus.

Mr. BRYANT. The bonus, yes.

Senator ALLEN. In other words, the cash would be——

Mr. BRYANT. I am talking about the fiscal year 1975.

Senator ALLEN. Around \$140 million bonus?

Mr. BRYANT. Correct.

Senator ALLEN. And how much cash would be involved?

Mr. BRYANT. About 40 percent over and beyond that would be cash. So you are talking about \$60 million cash.

Senator ALLEN. In other words, the total value of the food stamps, then, would be around \$200 million?

Mr. BRYANT. I think by the end of fiscal year 1975 we will reach that point. For instance, the cost of living adjustment that was made in January, if projected to an annual basis, would increase the program by about \$25 million.

Senator ALLEN. Going into the same matter I did there with Mr. McGrew, what is the sales tax rate there?

Mr. BRYANT. Three cents, except in metro Atlanta, where there is an additional 1 cent which must be returned to the county to support the metropolitan transportation requirements.

Senator ALLEN. So that it would be generating over \$4 million on the bonus alone, then, in sales tax?

Mr. BRYANT. By the end of 1975, yes.

Senator ALLEN. \$4 million. What about Georgia's participation in the overhead of those programs, what would that run?

Mr. BRYANT. We have had our hands full in meeting the matching requirements for the certification cost of a program of this magnitude. In a recent projection that we made, the cost is about one-third Federal and one-third State and one-third county.

Senator ALLEN. One-third of what?

Mr. BRYANT. The total cost of the program.

Senator ALLEN. What would that be?

Mr. BRYANT. Operating on the present scale it would be a little over \$2 million for each echelon of Government. (Federal, State, and county.)

Senator ALLEN. In other words, you are really getting about \$4 million in sales tax generated by this bonus. And your outlay for all overhead is only about \$2 million?

Mr. BRYANT. No, sir. For the State and counties the outlay would be well over \$4 million. For instance——

Senator ALLEN. The States \$2 million and counties \$2 million and the Federal Government \$2 million?

Mr. BRYANT. It is because the State does not have the funds we have had to ask the counties to pay this.

Senator ALLEN. Actually taking the Georgia State and political subdivisions then, and then treating the sales tax as coming into the State and local coffers, it would be about a stand-off, then, would it not, under the present situation?

Mr. BRYANT. Right. On the other hand, it is very difficult to break with tradition. Sales taxes generally, even if they are not earmarked, are used for other purposes, and it is very difficult to

get back in and get a part of it. As a matter of fact, our State budget was lower this year because of the energy crunch than it was a year ago; it was a reduced budget.

Senator ALLEN. I understood—if I am wrong correct me—I understood that you were recommending that the Federal Government take over all of this overhead.

Mr. BRYANT. No; we are recommending that the Federal Government participate on a matching basis, that is, on the same basis for all expenses.

Senator ALLEN. In other words—

Mr. BRYANT. 62.5 across the board.

Senator ALLEN. In other words, not just on selected items?

Mr. BRYANT. That is correct.

Senator ALLEN. And you are satisfied with the 62.5 figure in the bill?

Mr. BRYANT. Right. We would like to see more. But our recommendation is that the funds be provided across the board, the same as in other programs.

Senator ALLEN. Is it a public policy of the State of Georgia to put as many—seek out and put on the food stamp rolls, so to speak, eligibility rolls, all Georgians who are eligible to receive food stamps?

Mr. BRYANT. We have an effective outreach program, yes sir.

Senator ALLEN. And how many people are involved in seeking out people to go on food stamps?

Mr. BRYANT. I can't state this specifically, because we use the Department and the Family and Children Services' Volunteer Corps, and also through the other agencies such as the Red Cross Volunteers. And there is a concerted effort; for instance, in the greater Atlanta area here are approximately 30 agencies that participate in the outreach program.

Senator ALLEN. As you add people, would the overhead go up in direct proportion to the increased number on food stamps, or would it go up as a larger rate or a lesser rate?

Mr. BRYANT. I think that in Georgia, once we could obtain some Federal assistance to meet this administrative requirement, that we would reach a point where it would level off. We have been terribly understaffed in Georgia in this respect compared to other States.

Senator ALLEN. If you add them, though, obviously it is going to increase the cost. But will it increase it greater than in direct proportion to the increase in numbers, or will it be at a lower rate than the direct increase in proportion?

Mr. BRYANT. I think it would stabilize. I don't think it would increase in greater proportion, no sir.

Senator ALLEN. For instance, if for each dollar that went out it took 5 cents in overhead—that may be way off base—then if \$2 went out it would go up 10 cents, is that right, it would just go up in direct proportion, you feel?

Mr. BRYANT. That is correct. It wouldn't escalate. From a State staff point of view, I think as it went up the percentage of requirements probably would go down.

Senator ALLEN. Thank you very much.

Senator Dole?

Senator DOLE. No questions.

Senator ALLEN. It has been suggested that Mr. Steven Minter, Mr. Thomas H. Kilcoyne and Mr. Pat Kelly might come up and testify consecutively, and then have one series of questioning of them.

Gentlemen, we appreciate your coming before the subcommittee to give us the benefit of your reviews and your expertise in this field. And we appreciate the fact that in the interest of conserving time agreed to testify as a panel. So we would ask you to proceed in such manner as you see fit.

Mr. Minter, I suppose you will start off.

**STATEMENT OF STEVEN A. MINTER, COMMISSIONER, MASSACHUSETTS DEPARTMENT OF PUBLIC WELFARE, BOSTON, MASS.**

Mr. MINTER. Mr. Chairman, I am Steven A. Minter, commissioner of the Massachusetts Department of Public Welfare. And I appear here today on behalf of the State of Massachusetts. And I am also the vice chairman of the National Council of State Public Welfare Administrators, and appear on behalf of the National Council.

We are here to urge this committee to approve Senate bill 2871. The bill, which may not appear on its face to be a major piece of legislation, is vital to the maintenance of adequate food supplement programs throughout the Nation. Section 4 of the bill authorizes the Secretary of Agriculture to reimburse State agencies for 62.5 percent of administrative costs of the food stamp program. Administrative costs include as you well know by now, eligible recipients, issuance, control and accounting for the food coupons, storage and protection of the coupons, outreach, and fair hearings.

At the present time, USDA provides 66.5 percent reimbursement of selected costs associated with the food stamp program; the two-thirds reimbursement is available for the determination of nonpublic assistance eligibility, for quality control, the appeals process, outreach, and sundry items such as travel, postage, and printing. The remaining costs must be borne totally by the States, and these include the cost of determining eligibility and certifying public assistance recipients, plus the costs connected to distribution and issuance. In short, the States pay 100 percent of the cost of the program's most expensive elements.

What this means in my own State of Massachusetts is that the Federal Government pays 23 percent of the administrative costs of the food stamp program this year, while the States pays 77 percent. On the average, the States finance 72 percent of the administrative costs of the program.

Now that the Congress, in Public Law 93-86, enacted on August 10 of last year, terminated the commodity distribution program as of July 1, 1974, and has mandated a nationwide food stamp program, the National Council of State Public Welfare Administrators believes it is appropriate for the Congress to recognize the necessity of increasing Federal financial participation in the administrative

costs of the program. The States and the Federal Government share a commitment to provide the best and most extensive program possible to improve the nutrition levels of America's low-income citizens. But we believe that the States' ability to operate such a program is directly related to the availability of State and local moneys—since the States must bear more than 70 percent of administrative costs.

Realistically, limited funds result in a limited program, which is not what the Congress has directed in Public Law 93-86. Expansion of the food stamp program places an added burden on the States, and we have yet to see any "revenue sharing" scheme in this area.

The Commonwealth of Massachusetts happens to be a good illustration of the impact of the changeover from a mixed food stamp and commodity distribution program to a food stamp program only. Of the State's 351 cities and towns, we operate a food stamp program currently in only 36 communities. The commodity distribution program in Massachusetts has been one of the Nation's largest. In fiscal year 1974, with 37 communities involved, administrative expenses in the food stamp program are costing Massachusetts \$587,144, while the Federal Government pays \$178,503 toward the total cost. In fiscal year 1975, when we will operate the food stamp program statewide, the cost to Massachusetts for administrative costs will be \$3.5 million, and the Department of Agriculture will contribute \$1 million, unless the present reimbursement formula is changed. I don't think I have to tell you that the addition of \$3 million to any State budget is no small item.

Any costs projected for the coming year are in all probability quite low. It is especially difficult, in the midst of rising unemployment and continuing inflationary pressure, to estimate how many Americans will be turning to the food stamp program. The program is a logical recourse for low-income families trying to cope with ever-mounting food budgets; the price of food increased 20 percent nationally from February 1973 to February 1974.

The administration noted in its fiscal year 1975 budget recommendations that higher eligibility standards and a higher bonus will have a profound impact on the food stamp program. The Agriculture Department estimates that 14.2 million Americans will be participating in the program at the end of the current fiscal year, and 15.8 million will be taking part 1 year later. An increase of this magnitude may have a staggering effect on the States' administrative expenditures. Each new family represents a certifying cost plus a twice-monthly transaction expense which, in Massachusetts, amounts to \$1.06 per transaction.

The Congress and the Federal Government set the boundaries of the food stamp program; the States cannot in fairness be expected to bear the fiscal consequences without added Federal help.

The council recommends that your committee carry forward the intent of Congress, as expressed in the Agricultural and Consumer Protection Act of 1973, by increasing the Federal financial participation in administrative costs of the food stamp program as embodied in S. 2871.

The council also endorses the provision in section 1 of the bill, which would permit the Secretary of Agriculture to continue commodity purchases for certain programs after July 1, 1974. This authority is essential to protect the commodity assistance now received by institutions such as schools, prisons, and mental hospitals, the food distributed in supplemental feeding programs for mothers and children, for certain day care centers, and in disaster relief programs.

Mr. Chairman, I would delay any other comments until the others have had their opportunity to testify.

Senator ALLEN. Thank you very much. You have given us a very fine analytical statement on the situation in Massachusetts. And I will ask a few questions later.

But first we will hear from Mr. Kilcoyne, please.

**STATEMENT OF THOMAS H. KILCOYNE, DEPUTY COMMISSIONER,  
DIVISION OF INCOME MAINTENANCE, NEW YORK DEPARTMENT  
OF SOCIAL SERVICES, NEW YORK, N.Y.**

Mr. KILCOYNE. Thank you, Mr. Chairman. I am here on behalf of Commissioner Abe Lavine of the New York State Department of Social Services. The food stamp program in New York State is administered by our division of income maintenance. Mr. Pat Kelly and I have direct responsibility for the food stamp program.

Mr. Chairman and members of the Senate Agriculture Committee. We are very pleased to have this opportunity to testify at this hearing in support of Senate bill 2871 as it would amend section 15 of the Food Stamp Act of 1964.

The food stamp program became fully operational in New York City and the remaining 57 counties throughout the State in September 1970.

In 1970-71, approximately 1 million persons in our State were beneficiaries of the program. In the calendar year 1973 this participation rate was approximately 1,250,000 persons. The administrative costs to institute this program statewide in 1970-71 amounted to \$5 million. That figure covered all administrative costs for each of the 57 local departments of social services, the city of New York and New York State staff. Our State government, in its efforts to institute and assure the program's success, guaranteed by State law that all local administrative costs would be 100 percent reimbursable by New York State.

In the Federal fiscal year 1973—July 1972—June 1973—the total identifiable administrative costs submitted by local departments for State reimbursement amounted to over \$14 million. This indicates a critical increase of 280 percent in statewide administrative expenses during the 2-year period. We forecast that administrative expenses of program operation will be in excess of \$25 million for Federal fiscal year 1975. At the present rate of reimbursement, we can expect to receive approximately \$3,250,000 or 13 percent of these anticipated administrative costs of \$25 million from the U.S. Department of Agriculture for Federal fiscal year 1975, with another

\$3 million or 12 percent from the Department of Health, Education, and Welfare. The remaining \$19 million will be paid solely by New York State without any Federal reimbursement.

The main administrative tasks in carrying out the food stamp program are:

1. Certification—or determination—of eligibility for individuals and households.

2. Stamp transaction activities consisting of the counties and New York City issuing ATP's which a recipient presents at a contracting food stamp outlet to purchase his food stamps.

3. Payment and recording activities consisting of payments to the contracting food stamp outlets—banks primarily—and recording of recipient purchases on a participation report in each local district.

4. Quality control activities consisting of verification of the recipient's eligibility on a predetermined sample.

5. Fair hearing activities consisting of a State review of appeals by recipients of local district's decisions regarding eligibility determinations.

6. Outreach activities to inform needy persons about the food stamp program requirements and availability and, finally,

7. Administrative management, coordination and planning consisting of control units at the State and county/city levels to monitor, review, and implement Federal program requirements and program controls as required by the U.S. Department of Agriculture.

Of these seven functions just mentioned, the U.S. Department of Agriculture presently reimburses the States only on the time spent by specific staff for the certification of eligibility, Outreach activities, quality control actions and fair hearings for nonpublic assistance cases—approximately 166,000 persons out of 1,250,000 current recipients. Consequently, less than \$2 million of the \$14 million administrative costs for Federal fiscal year 1973—July 1972-73—was paid by the U.S. Department of Agriculture to New York State. Thus, only 13 cents out of every dollar spent by the State for local administration of the program was paid by USDA with another 12 cents paid by the U.S. Department of Health, Education, and Welfare leaving New York State with a 75 percent liability for the remaining administrative costs of the program.

Senator ALLEN. Is that in addition to the other \$25 or is this repetition?

Mr. KILCOYNE. This is the same \$25 million projected for 1975.

This \$14 million cost for local operation of the program in Federal fiscal year 1973, did not include many of the critical functions we feel are necessary for the proper administration of this important program. The following are some of the additional administrative costs which we feel should be reimbursed by the U.S. Department of Agriculture under the food stamp program.

1. Salaries and related expenses for other than certification personnel: Examples—clerks, typists, security guards, posting and filing clerks, key punch operators, EDP programmers, supervisory personnel and other related staff on State and local levels.

2. Transaction fees paid to banks and other issuing agents. At the present \$1.50 monthly transaction rate, this cost will exceed \$12 million in Federal fiscal year 1975. Banks in New York State are already indicating the need for higher transaction fees. At the present time, this expensive cost item is not being reimbursed either by USDA or HEW.

3. Mailing costs for authorizations to purchase. At the present time, approximately 1 million ATP's are mailed monthly.

4. Equipment and supplies such as mailing machines, EDP equipment, telephones and secure storage facilities for identification cards, authorizations to purchase cards, et cetera.

5. Salaries and expenses of management and other supportive personnel at the local and State department level. At the present time one-half million dollars is budgeted at the State level for administrative costs without USDA reimbursement—this includes systems consultants, statistical experts, program consultants, training staff, auditors, et cetera.

6. Publication and reproduction costs for forms, bulletin releases, administrative letters, informational pamphlets, and other policy material releases to all districts and recipients.

7. State computer costs for inventory controls and reconciliation of food stamp coupons received and distributed in the State. In 1973 over \$400 million worth of food coupons were received, issued and stored within New York State and our present planning is centered on developing an operating EDP inventory and reconciliation of these coupons.

These and other administrative expenses not now covered by the reimbursement formula for the food stamp program are necessary to insure proper and effective administration of this extension program in New York State.

As you are aware, New York State has been in the midst of the most far-reaching State welfare reform program ever mounted—a program which, while enormously productive, has placed inordinate administrative burdens on the State and its local districts. The enormity of these major management reforms has demanded extensive investment in personnel, training, and fiscal resources for New York State and its localities. The following examples will illustrate this point:

A face-to-face recertification of the entire AFDC and home relief caseloads was implemented on July 1, 1973.

Implementation, beginning last January 1, 1974, of a special screening program covering more than half of all AFDC applicants who cannot be placed formally on the welfare rolls until a thorough field investigation is made to verify the alleged absence of a parent.

Installation, beginning last month, of a wholly new application procedure for the State's more than 400,000 persons eligible for the medical assistance only program.

Simultaneous implementation of a periodic face-to-face MA recertification process.

Implementation of a utilization review program covering the institutional care portion of the State's \$2 billion medicaid program.

Implementation of a wholly new procedure for pursuing third party health insurance coverage for children in AFDC families where the absent father is known to be contributing support and has such coverage.

Installation of an innovative social services information system mandating case-by-case tracking of each person receiving social services.

New York State, as part of its overall welfare reform program in the public assistance programs, intends to apply the same management initiatives to the food stamp program. However, unless there is sufficient funding for the administrative costs needed to implement these management initiatives, scarce local and State manpower will not be allocated. Likewise, further expansion of present program levels will be indefinitely delayed.

Favorable action by this committee on the proposed amendment to section 15 of the Food Stamp Act of 1964 as provided for in S. 2871 would enable us to more effectively commit resources to these management initiatives to insure their timely and effective implementation.

Thank you, Mr. Chairman.

Senator ALLEN. Thank you very much.

Mr. Kelly.

Mr. KELLY. I have no prepared statement.

Senator ALLEN. Mr. Kilcoyne, Massachusetts is almost entirely a commodity State, I believe, from Mr. Minter's testimony. What has been the experience there in New York in choice by local officials of the commodity program or the food stamp program?

Mr. KILCOYNE. Mr. Chairman, we went statewide on the food stamp program in 1970, and I believe at that time we phased out the commodity program. There is a residual program that is carried on now by a different State agency, the Office of General Services. But it is a limited program, as I understand it. And I am not familiar with the exact details of that particular program.

Senator ALLEN. Mr. Minter, one of the barriers I see to moving over to the food stamp program was the fact that you had to take care of the overhead in your food stamp program, whereas in commodities the Government pays that cost. Does that enter into it?

Mr. MINTER. That only enters it slightly. The State of Massachusetts went through a massive welfare reorganization starting in the middle of 1968. And while it had started on a limited food stamp program, it held up because there were tremendous problems in implementing a statewide reform. And it is a fact that the food stamp program is much more difficult to administer than food commodities. We are now facing that situation, however, with our State Legislature. It is important, I think, to understand that at least in our State the value per individual of the food commodities program against the value per individual anticipated bonus value in food stamp programs is comparable. So while the food stamp program is preferred and it is a lot similar, it is better for older persons, the amount of additional food purchase is not that great. But in the food commodities program we received about \$1½ million in Federal USDA money

which substantially underwrote the costs of administering that program. And we are losing all of that and phasing out all of those employees who are warehouse persons, and so forth, and instead requesting from the Legislature this year some \$4½ million for fiscal year 1975, of which only \$1 million is going to be State money. So there obviously are a lot of persons raising questions and who are quite concerned about what is it that the State really gained, although all the groups obviously feel that we should push to have a food stamp program, and it is a superior program.

Senator ALLEN. Where the commodity programs are being phased out under the congressional mandate, is there more of a ready need and a willingness on the part of eligible persons to apply for and to accept and receive food stamps whereas they might not have been so ready to accept commodities—is there any difference in attitude on the part of the people?

Mr. MINTER. I think there is no question that the general public attitude is very heavily inclined toward the food stamp program. And of course, that has been shifted markedly over the past 15 to 18 months because of the difficulty of USDA in furnishing all of the 21 items on the commodity list. And we have gone through several what I would call mini-crises in the State of Massachusetts about the number of items available. And it is particularly difficult for senior citizens to go once a month and pick up food commodities.

And then there are many commodities which they just cannot use.

Senator ALLEN. Have you set a target date by which time you plan to be completely converted over to food stamps?

Mr. MINTER. Yes, we will have our whole State system converted by the first of July. We do not intend to, if at all humanly possible, to have anyone who had previously received food commodities not have the benefit of the food stamp program.

Senator ALLEN. Since your food stamp program is more or less in its infancy or in its beginning, you have no way to estimate, I don't suppose what the bonus would be for your citizens?

Mr. MINTER. No we have, I think, fairly good forecasting methods. We are estimating that first year participation would be in the neighborhood of 110,000 households, 70,000 related to public assistance categories, and 40,000 non-public assistance households, and that the bonus value will amount to about \$45 million.

Senator ALLEN. That will have quite an impact on the economy there, will it not?

Mr. MINTER. Well, it certainly will have impact in terms of the merchants, and increased food purchasing power, and also I might say for the issuing agents who have to sell the stamps, because that is the expensive part of the program. Yes, it will have substantial impact.

Senator ALLEN. Has any consideration been given in either Massachusetts or New York to use of revenue shares funds for paying some of this overhead under the present circumstances?

Mr. KILCOYNE. We guarantee localities 100 percent of their expenditures, Mr. Chairman.

Senator ALLEN. The States are taking over that burden. What I am talking about is the use of federally shared local funds.

Mr. KILCOYNE. I don't believe so in terms of the specific program, Mr. Chairman.

Mr. MINTER. I can answer the question, I think. Generally in the State of Massachusetts—you have asked some of the other States what they are doing with revenue and how much of a surplus did they expect. We are not permitted to run a deficit. And I believe as of the last deficiency budget submitted the State has projected a surplus of about \$600,000 out of a budget of better than \$2½ billion. And that accounts for all revenue sharing money. And a great part of that is already going into the public welfare arena to support our department, which represents about 40 percent of the State's budget.

Senator ALLEN. I am a strong States' rights man. And I am also a States' responsibility man as well. I feel that the two need to go hand in hand. Sometimes the States come up and point out what a hardship it is going to be to take over this part of overhead or another item of expense. It is hard to understand just where the State revenue goes, because they are always just never able to take over any areas. And it would really be a novelty if the States came in and said, Joe, let us take over this area here from the Federal Government. But it is always a one-way street. And I am sure you gentlemen agree with that as being a correct statement.

Mr. MINTER. I wouldn't.

Senator ALLEN. In what instance do you know of the States coming in and asking to take over a larger share of expenses?

Mr. MINTER. Well, I think from the standpoint of looking at the expansion of the programs and having just recently gone through the experience of the SSI conversion, which was heralded as a great thing which was going to save the States great amounts of money. And having come from one of those major States, it is clear that if the decision is made that we, both the Federal and State Governments, are committed to helping people who are in need, that this does not represent the saving of money for either the States or the Federal Government. And our expenditures, even though the SSI programs come into being, will increase markedly in the State of Massachusetts, because we have seen it as being a responsibility to therefore try and increase the amount of assistance that older persons get. We have tried over a long period of time in our particular State to maintain as broad and as comprehensive a medical program as possible rather than to meet the bare requirements of the Federal mandates. My State has—and I think New York State does too—a substantial general assistance program, under which we pay 100 percent of the cost. And because of new SSI rules and regulations, many of the persons who previously were eligible for Federal aid under that program as being disabled are no longer eligible, and the States are having to pick up that cost 100 percent as well as to provide the emergency services. So I think—

Senator ALLEN. That is where you are adding to existing Federal programs rather than taking over the cost of existing programs.

Mr. MINTER. In some instances it is taking on costs that previously we would have received Federal reimbursement for.

Senator ALLEN. That is interesting. I hope we can find some more areas where that can be done. But this is not one of those areas, I believe, the one that we have under consideration?

Mr. MINTER. I think it is clear that the ability to really carry out this kind of expansion and meet the kinds of requirements that have set down does call for Federal participation. If the USDA rules and regulations for administering the program were not as complex—

Senator ALLEN. The Federal Government is participating 100 percent, I believe, in the cost of food stamps, are they not? I mean, there is no contribution there by the States.

Mr. MINTER. But they did in the food commodities program, too.

Senator ALLEN. Yes, that is right.

I notice in your statement, Mr. Minter, you almost seem unhappy that the food stamp program has been extended by Congress from time to time. You say:

The Congress and the Federal Government set the boundaries for the food stamp program; the States cannot in fairness be expected to bear the fiscal consequences without added Federal help.

You wouldn't suggest a more restrictive food stamp program in order to save money and overhead, would you?

Mr. MINTER. No.

Senator ALLEN. These extensions are always welcome in the States, are they not?

Mr. MINTER. I think that would be very clear, that we have been very pleased to see the program extended and modified. On the other hand, we have been somewhat concerned about the failure at the administrative level to bring together the certification and eligibility requirements that HEW has for public assistance programs and USDA has which have added to the administrative costs which are faced. And I think Commissioner Huecker earlier testified to the fact that the States would like very much to see the two programs brought together in terms of some of their requirements which would reduce the administrative overhead.

Senator ALLEN. When we have legislation up here extending, lowering the eligibility standard, making it easier to qualify for food stamps, there is never any protest on the part of the States as to Congress doing that, or I haven't heard of any. Do you know of any?

Mr. MINTER. No. But there have been protests from the State about some of the eligibility requirements, and the complexities.

Senator ALLEN. About raising the amount of the level at which recipients could receive food stamps.

Mr. KILCOYNE. In New York State, Mr. Chairman, we don't object to the extension. It does pose, though, an additional administrative burden when that comes about. Even our projections and figures that were used in New York State does not take into account the complexities of going into public assistance withholding, variable purchase, and other administrative burdens, in addition to the differences in definitions and medical expenses allowable between the two programs of HEW and USDA.

Senator ALLEN. I am sure in the large States, Massachusetts and

New York, there is a tremendous problem in this overhead. Is it part of the public policy of both States—I notice you do have these outreach programs—it is part of the public policy to go out into the highways and byways and locate people to put on the food stamp program, is it not?

Mr. KILCOYNE. In New York State, yes sir.

Mr. MINTER. It is.

Senator ALLEN. And you have been pretty successful in getting people on the rolls to receive food stamps, have you not? You have all done a good job in that area?

Mr. KILCOYNE. We would like to be more successful in some rural areas of the State.

Senator ALLEN. I am sure that next time you all are down to testify that you will be able to testify that you have found a lot of people out in those areas that needed to go on the list.

Thank you very much, gentlemen. I appreciate your testimony.

Colonel Reiss, will you please come forward. And Senator Clark will preside, and Senator McGovern will preside after the vote.

Senator CLARK [now presiding]. We are going to hear now from Colonel Ellsworth Reiss, president, Northeast Food Distribution Association, Trenton, N.J., and also representing the Commodity Distribution Association.

Colonel Reiss, will you please proceed in any way you think appropriate.

**STATEMENT OF COL. ELLSWORTH C. REISS, PRESIDENT, NORTHEAST FOOD DISTRIBUTION ASSOCIATION, TRENTON, N.J., ALSO REPRESENTING THE SOUTHEAST COMMODITY DISTRIBUTION ASSOCIATION**

Colonel REISS. First, I would like to mention a mistake on the witness list. The words "Trenton, N.Y." should read "Trenton, N.J."

Mr. Chairman and members of the committee, as president of the Northeast Area Food Distribution Association I represent the following States: Connecticut, Delaware, District of Columbia, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, Vermont, West Virginia, and Virginia.

At this time as a matter of record I would like to state my address, which does not show on my statement. Ellsworth C. Reiss, coordinator, Food Distribution Section, Division of Markets, New Jersey Department of Agriculture. John Fitch Plaza, Post Office Box 1888, Trenton, N.J., 08625. It gives me great pleasure to mention that Secretary Phillip Alampi, cabinet member, Department of Agriculture, State of New Jersey is present in the audience today.

In addition to speaking in behalf of the Northeast Area Food Distribution Association, I am also speaking on behalf of the Southeast Area Commodity Distribution Association comprising Alabama, Florida, Georgia, Kentucky, Mississippi, North Carolina, South Carolina, and Tennessee.

I have also been given authorization to speak in behalf of 2½ million Boy Scouts that are eligible to participate in the food commodity program.

We appreciate this opportunity to discuss the proposed fiscal year 1975 Food and Nutrition Service Budget of the U.S. Department of Agriculture pertaining to food commodities for schools and institutions and also to comment on the McGovern bill S. 2871.

Attached as Exhibit 1 you will find the fiscal year 1974 and the proposed fiscal year 1975 FNS budget, U.S. Department of Agriculture for child nutrition and institution programs. It can be noted that the fiscal year 1975 budget for the child nutrition programs is \$23.7 million less than in fiscal year 1974. The U.S. Department of Agriculture economists indicate a food price level averaging 12 percent above the past year. Using the 12 percent as a minimum increase it amounts to \$37.6 million above the fiscal year 1974 level. Therefore, the budget for fiscal year 1975 should read no less than \$351.3 million for the child nutrition programs.

This same situation applies to the budget in food distribution to institutions. The fiscal year 1975 budget is \$2.3 million less than fiscal year 1974. Considering the 12 percent increase in price this amounts to \$2.2 million. The \$2.2 million added to last year's budget amounts to \$21.1 million. Therefore, the budget for fiscal year 1975 should read no less than \$21.1 million.

In the McGovern bill S. 2871 line two and three on page 2 indicates "to maintain the traditional level of assistance for food assistance programs as authorized by law." To actually maintain the traditional level of assistance there must be sufficient dollar input into the food programs. If we get the traditional level in dollars and the food index increases it will result in less product. To overcome the budget deficit from last year and considering the 12 percent increase in food prices for us to meet our objective the budget for fiscal year 1975 should read as follows:

	<i>Million</i>
Commodities to schools -----	\$351.3
Food distribution to institutions -----	21.1

The overall food expenditures have doubled since 1965. See Exhibit 2 on the last page. However, the U.S. Department of Agriculture food commodity expenditures has remained almost dormant. If you will look at that chart, you will see that in 1965 we started with \$272 million in the commodity program, and it went up to \$313 million. If you look at the other food expenditures, you will see how this increased from \$979 million to \$1.88 billion.

Therefore you can see that the commodities have remained dormant as far as cash flow, and with increases in prices there is indication that less product in the commodity program for the dollar that was spent.

It is the opinion of some of the legislators that many of the eligible recipient agencies do not want the raw commodities because they are difficult to handle in the kitchen. This is not an absolute opinion. Over the many years the recipient agencies have obtained adequate equipment to process these raw materials. Also during the past 3 years we have made substantial gains in the food processing field. This was not mentioned in the Clayton-Yeutter (Assistant Secretary U.S. Department of Agriculture) statement yesterday about food processing, so I want to elaborate a little bit on that today.

a. Durum wheat flour—many years ago the city of Philadelphia processed bread flour into macaroni and spaghetti. It was an inferior raw product for pasta products, however, it was nutritionally accepted in the school lunch programs. Approximately 3 years ago the U.S. Department of Agriculture purchased durum wheat and made it available to the States. And I might add at this point that it was through my initial effort in the State of New Jersey that the USDA purchased the durum wheat flour.

Today many States utilize the durum wheat flour for the processing of macaroni, spaghetti, and shells. The pasta products are highly nutritious and are "high" on acceptability. The State of New Jersey will use approximately 2 million pounds of durum wheat flour this current fiscal year. A contract was awarded, through formal advertising (bid system) to a processor in Pennsylvania. The Government flour was shipped directly from USDA purchasing sources to the processor. It is then processed, packaged, and shipped to New Jersey. Through a central warehouse system it is then distributed to 1,000 recipient agencies, including institutions and summer camps, supporting approximately 680,000 individuals. The processing costs are passed on to the recipient agencies, however, they benefit by enjoying lower costs amounting to over \$500,000. The cost to the recipient agency is \$1.60 for 20 pounds of the pasta product. On the wholesale market they would pay about 38 to 40 cents per pound. I might add that the retail prices are in the vicinity of 48 cents per pound.

b. Soya bean oil—during the past 2 years many States ordered Soya Bean Oil for the processing of mayonnaise. I will use New Jersey again as an example. A bid was solicited with an award going to a processor in Maryland. The Soya Bean Oil was shipped directly to the processor who produced four 1 gallon plastic containers per case. The mayonnaise was shipped as ordered to New Jersey. The final cost to the recipient agency was \$5.20 per case. On the wholesale market this was priced at \$13.50 to \$16.50 per case. The recipient agencies will realize the savings amounting to over \$400,000.

c. Cranberry sauce—at one time the USDA purchased fresh cranberries for distribution to the States. This item was accepted but it was "hard to work with" in the kitchen. Today the cranberries are processed at a low cost and distributed to schools in No. 10 cans. This item now has longer shelf life and is highly acceptable.

d. Many other items include:

Bread and bread products—utilizing flour and shortening purchased by USDA. The value of the purchased items is subtracted from the lowest bid price by the processor.

Pizza pies—utilizing flour.

Concentrated orange juice. This is not a raw product, however, for better utilization it is processed into orange popsicles, orange ice, and 4 oz. containers of orange juice.

Canned vegetarian beans from beans.

Turkey rolls from whole raw turkey.

Cake mixes from USDA flour.

With a little ingenuity the raw commodities can be processed into many useful end products.

You can determine from the above that the U.S. Department of Agriculture and the States are doing an excellent job in processing raw food commodities into a more useful end product that is highly nutritional. If these raw materials are not made available by the U.S. Department of Agriculture all our processing experience and savings to recipient agencies will be lost.

In the northeastern States the food commodity program is reaching over 5 million school children, 500,000 individuals in institutions and 430,000 Boy Scouts, Girl Scouts, underprivileged children, et cetera, in summer camps. I want to strongly emphasize the need for the continuance of the food commodity program at adequate levels to support the nutritional needs of millions of deserving individuals in our schools, institutions and summer camps. Under the Older American Act the elderly can receive one meal a day for 5 days a week and USDA food commodities have been authorized to be used by Congress. Also these food commodities are the only Federal/State food bank available to help feed those in distress during natural disasters.

The U.S. Department of Agriculture wants to "dump" the food commodity program that has been of great value to millions of individuals across the Nation and there is newspaper indication that the Assistant Secretary of Agriculture, Clayton Yeutter, will do all in his power to end the food commodity programs. We believe that his first step is to cut back the funds as indicated in Exhibit 1. His second step would be not utilizing the funds to purchase section 32 and section 416 food commodities resulting in a cash flow to schools during the end of the fiscal year. The cash flow (7 cents per meal) could disappear when there is no base, such as the food commodity base. Also please remember that if there is a cash flow to schools in lieu of commodities, the volume buying power that they have enjoyed in the past will be lost. Individual recipient agencies or an individual State cannot duplicate the savings that the U.S. Department of Agriculture has realized in volume purchasing.

Gentlemen, to maintain the program at this year's level you must consider the increase in food costs and bring the appropriation, in dollar value up to that projected cost. We in the commodity programs in the Northeast and Southeast, join together with all our might to fight to continue the food commodity programs for schools, institutions, and summer camps.

[The attachments to Mr. Reiss' statement follow:]

PROPOSED FISCAL YEAR 1975 FNS BUDGET, U.S. DEPARTMENT OF AGRICULTURE

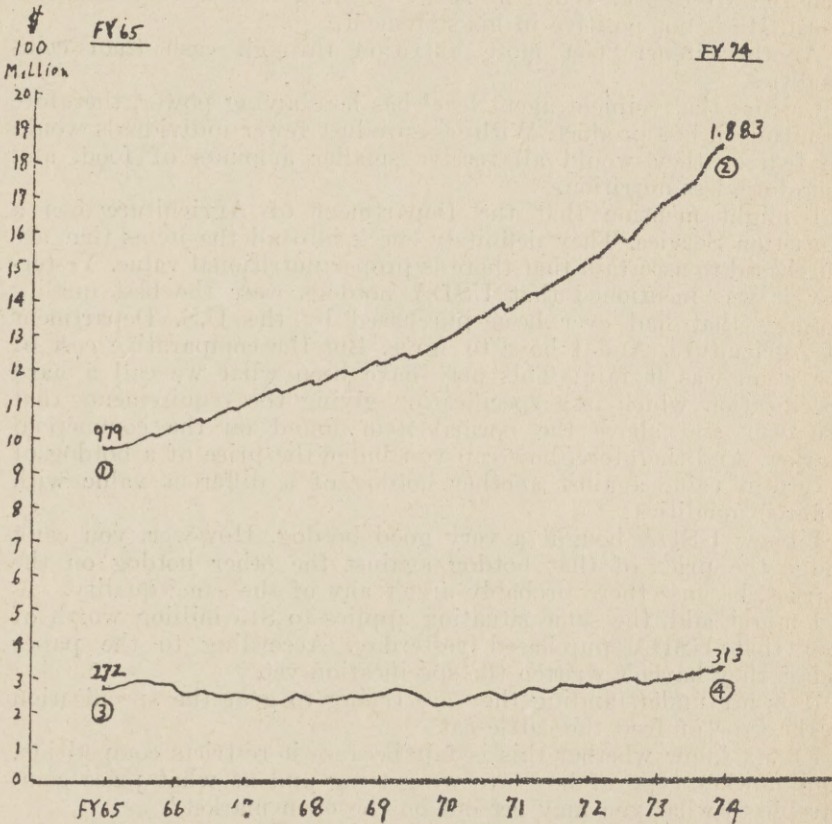
[Listed below is the proposed fiscal year 1975 Food and Nutrition Service budget, Department of Agriculture, as submitted to Congress on February 4, 1974, as compared to fiscal year 1974 and fiscal year 1975]

Child nutrition programs	Fiscal year 1974	Fiscal year 1975
Commodities:		
Section 6.....	\$64.3	\$64.3
Section 32.....	110.4	96.6
Section 416.....	139.0	129.1
Subtotal 1.....	313.7	290.0
Institutions: Food distribution to institutions 2.....	18.9	16.0

<sup>1</sup> Represents food purchase levels actual distribution rate will be 7 cents per meal.

<sup>2</sup> Reflects decreased availability of commodities.

Note.—Please note a reduction in commodities amounting to \$23.7 million difference in fiscal year 1974 versus 1975. This means a decrease in each State participating in the school lunch program. When prices are going up why is the budget reduced for fiscal year 1975? Food distribution to institutions are reduced in the budget from \$18.9 million in fiscal year 1974 to \$16.0 million in fiscal year 1975 amounting to a decrease of \$2.9 million. Again prices are going up, therefore, why is the budget reduced for fiscal year 1975?

NSLPFood Expenditures

Total Food Expenditures - ① ② Local plus USDA Commodities  
 USDA Food Commodities - ③ ④

## EXHIBIT NO. 2

Senator McGOVERN [now presiding]. Colonel, does that complete your statement?

Colonel REISS. Yes sir.

Senator McGOVERN. I am sorry we had that interruption and switching of chairmen.

Colonel REISS. Senator McGovern, I have a few items that was mentioned yesterday by the Assistant Secretary of Agriculture, Clayton Yeutter. And if I may I would like to comment on a few of these items.

Senator MCGOVERN. Proceed in any way you wish.

Colonel REISS. He (Clayton Yeutter) said, "We think that the solution that was found to supply cash in lieu of commodities is sound and useful now as it was then"—talking about World War II and the aftermath. When he says we think it is a very doubtful word. He is not positive in his statement.

Another item: "Get more nutrition through cash than commodities."

Cash at the recipient agent level has less buying power, therefore resulting in less product. With less product fewer individuals would be fed, or they would all receive smaller amounts of food, and therefore, less nutrition.

I might mention that the Department of Agriculture has a Nutrition Service. They definitely check into all the items that are purchased to ascertain that there is proper nutritional value. Yesterday it was mentioned that USDA hotdogs were the best quality hotdogs that had ever been purchased by the U.S. Department of Agriculture. And I have to agree. But the comparative cost of the item, was it fair? This may have been what we call a hard specification which is a specification giving the requirements that are over and above the normal item found on the commercial market. And therefore, how can you judge the price of a hotdog of a certain value against another hotdog of a different value with different qualities?

I knew USDA bought a very good hotdog. However, you can't judge the price of that hotdog against the other hotdog on the market, because there probably aren't any of the same quality.

I might add, the same situation applies to \$45 million worth of beef that USDA purchased yesterday. According to the paper today, they haven't written the specification yet.

It is my understanding they are trying to gear the specification to the type of feed the cattle eat.

I don't know whether this is fair because it restricts competition. Again, what type of beef are we getting and at what price comparable to what you may get out on the open market?

The USDA receives a no-bid situation. There are reasons for this type of situation. The specifications are too tight for an available market. Such as the item of durum wheat. Many months ago—last June, July, and August—USDA could not buy durum wheat on the market. They found out later that the specification was wrong. They were asking for higher protein, which was not available on the market. And they were asking for certain moisture content. And as soon as they went back and changed it to where it should be, they received bids right away.

Item not available. Now, this is another thing. They go out on bid for dry milk, and the item is not available on the market. Butter was an item in short supply. These are dairy products and we are short on dairy products. So how can they expect to go out

and buy dry milk when we don't expect dry milk to be available for another year and a half? We have millions and millions of pounds coming in for import that are waiting in warehouses for the price to go up so that it can go out on our market.

Even with a few "no-bid situations" this fiscal year was an excellent year for food commodities as far as recipient agents are concerned, with one exception. The exception was the nonavailability of butter for institutions. Butter was "cut out" and it was a major item for institutions. So far the substitution of margarine has not been approved for the institutional type program.

Another reason for a no-bid situation was the nonavailability of packaging, such as small containers for salad oil and vegetable oil.

I would like to mention that we could not obtain salad oil in 50-pound containers. However, I could go out and order a 60,000 to 150,000 pound jumbo tank car load of oil that was used for producing mayonnaise. And we did order the oil in jumbo tankers that were shipped direct to the processor. It was then produced into mayonnaise.

Mr. Yeutter mentioned also that schools can buy as good as USDA. This is not a sound statement. The USDA has better control, because they have as the general rule, excellent specifications. As I mentioned before, yes, they may get into an odd situation or a tight situation where they require more in the specifications than you can get out on the normal commercial market. But in general they have excellent specifications, which can properly be monitored by them. They have the personnel to monitor these specifications, therefore, assuring good buys. Recipient agencies such as school districts normally do not know the detailed requirements of specifications or how to write them up. Volume buying always bring the best price over small lot buying. USDA can make a mistake once in awhile by purchasing not being timely. I can mention the item of fresh fried potatoes for instance. A few months ago USDA went out on the open market and bought french fries. However, I could go down to a local store and get them at almost the same price. This was not a timely buy. And this is unusual. But we don't condemn USDA for, say, one mistake.

It takes years to build up good buyers or purchasing agents. And this is lacking in our school system. Everyone has their own buying system, from small school on up. You go to a small school and the cook does the buying. You go to a next higher school and the dietitian or the cafeteria manager does the buying. You go to a larger school and you have a purchasing agent that goes out and does the buying.

And they all have their different rules and regulations, of course complying with whatever State law may be in existence.

Senator McGOVERN. Colonel Reiss, to whatever extent there is a lack of expertise in buying and evaluating food, within the Department of Agriculture, all of those problems would be multiplied in the smaller school systems, would they not?

Colonel REISS. Yes sir, many times over.

Senator McGOVERN. Including the volumes?

I wanted to ask you, you represent a number of States in your association. What is the nature of the Northeast Area Distribution Association? How do you work with the various commodity programs in the school lunch operation, and so on?

Colonel REISS. Our association comprises the directors of each State in the food commodity program, and certain members of their staff, who work directly with school lunch and institutional programs.

Senator MCGOVERN. I am glad to have that clarified because there has been some feeling, I think, on the part of some members of the committee, and perhaps some people in the Department of Agriculture, that the thrust for the legislation now before us comes primarily in the small rural States. And I notice you represent a number of very heavily populated States, New York, Pennsylvania, New Jersey, Massachusetts, and all these other areas, so that it does indicate very broad base of support. And I think your testimony is very significant.

We are running on a very tight schedule here, as you know, Colonel, and I am going to have to stop any interrogation. But I do want to commend you on this statement, and also for adding to our hearing record a base of support represented by your Association that is very broad indeed.

Colonel REISS. Sir, may I add one more thing. You mentioned yesterday about the Red Cross buying food on the open market for disasters and the costs were considered very high. In New Jersey if a disaster occurs the Red Cross and the Salvation Army at the present time are looking to our Food Distribution Organization to support them with food commodities, because they have no money to go out and buy food. We are there to serve them and they will set up the mass feeding kitchens. In New Jersey we have had many natural disasters during the past 3 years. Also 2 years ago during the Agnes Disaster the State of New Jersey supported Pennsylvania with 400,000 pounds of food through a New Jersey National Guard and a 1st Army (Fort Dix) convoy. The reaction time was surprising. You couldn't get the commercial or private transportation on a weekend.

We (New Jersey) acted as a Federal warehouse in the Northeast. We can support any northeastern State with USDA food in a natural disaster. Take the USDA food away from us, and there is nothing.

Senator MCGOVERN. Thank you very much, Colonel. We appreciate your testimony, and also your additional observations.

Now, we have one group of citizens who have a special interest in this legislation, particularly that part which relates to Indian reservations. It might be useful for the Indian witnesses who appear to come as a panel and we will at least get started on this, though we may not be able to finish.

I have a statement from Senator Young that he wants included in the record. It is a very fine statement, pointing up some of the problems confronting our Indian people if the Food Stamp Program completely phases out the commodity program on July 1. And I would like unanimous consent that Senator Young's state-

ment be made a part of the record just prior to the appearances of our Indian witnesses.

**STATEMENT OF HON. MILTON R. YOUNG, A U.S. SENATOR FROM  
THE STATE OF NORTH DAKOTA**

Senator YOUNG. Mr. Chairman, I would like to briefly explain the reason for my introducing S. 3235, a bill which seeks to eliminate several serious problems confronting our Indian people if the new food stamp program is put into effect July 1 under provisions of Public Law 93-86.

I believe each of the four Indian reservation tribal leaders in North Dakota firmly support my bill. They have asked me to introduce it. Also, the North Dakota Board of Social Services supports it.

Mr. Chairman, my bill presents several options as to how food stamps would be administered among Indian populations. I offered it for several reasons:

1. The State social services people are adamantly opposed to administering it, and for good reasons. We have some serious jurisdictional problems, where State officials cannot assume certain responsibilities. This agency is not familiar with the problems of Indian people.

2. There is a serious question as to whether our Indian people are prepared to abandon the surplus commodities program and abruptly go under food stamps. While the commodities program is far from perfect, they are familiar with it and I fear many needy Indian families would be left out of this new type of assistance if they are required to go into a new program, which existing State agencies neither want to administer, nor are equipped to administer.

3. Because of the emphasis placed on self-determination for Indians, supported by the Indian people, most Members of Congress and this administration, the Indians have had nothing to say about what type of food assistance programs they want or need.

My bill, Mr. Chairman, would resolve most if not all these problems.

1. It makes possible, if the tribes elect to do so, to enter into buy-Indian contracts with the Bureau of Indian Affairs and administer their own program. The tribes are used to dealing with BIA personnel on their own reservations. Tribal records and BIA records are readily available for use in determining the need for this form of assistance. Social services personnel, although very competent, are not as well equipped to deal with this segment of our people.

2. My bill does not preclude Indian groups from permitting existing State agencies to administer the program. In some cases, this may be preferable.

3. My bill reimburses the tribes at 100 percent of their costs of administering the program. The present law requires 62.5 percent reimbursement to the State agencies. The increase is insignificant since tribal leaders working with BIA personnel, already have the

expertise to administer Indian assistance programs and relatively few new costs would be experienced.

4. My bill provides that for tribes who want it, the surplus commodity program may be extended for 2 years, until June 30, 1976, to give tribes adequate time to prepare themselves for food stamps.

Mr. Chairman, I hope our committee will give favorable consideration to S. 3235.

Senator McGOVERN. If those witnesses are here now who are prepared to testify on behalf of the problems of the Indian reservations I wish you would come forward now and we will at least get started on this as a panel, Mr. Atha, Mr. Price, Mr. Melvin White Eagle.

Senator Young, I just asked that your statement be made a part of the record. You may want to add something to that. I thought it would be useful, in view of the fact that we have some special problems with the Indian reservations on the food stamp phaseout, if we had those folks assembled as a panel. So we have asked all of them to come. And we will at least get started on them. I have to host a luncheon at 12. I don't know if you want to continue this on into the noon hour or not. But at any event we can get started.

Senator YOUNG. I will stay as long as I can. Maybe we can finish. And I like the way you are doing it—having them as a panel.

Senator McGOVERN. Mr. Atha and Mr. Price, you are the first on the list, so you may lead off.

#### **STATEMENT OF ROBERT PRICE, DIRECTOR, PAPAGO DISTRIBUTION DIVISION, PAPAGO TRIBE OF ARIZONA, SELLS, ARIZ.**

Mr. PRICE. Before I begin, I would like to express gratitude to the members of this committee, and especially to Senator McGovern and Senator Young, for legislation that they have introduced that is going to have a very critical and beneficial impact on our situation on the reservation.

Mr. Chairman, distinguished members of the committee, thank you for the opportunity to present this brief report on problems which conversion to the food stamp assistance program will occasion our Tribe and its people.

My name is Robert Price. I am Papago, originally from Ajo, Ariz. and now serve my people as director of the food commodity program on our reservation. The commodity program on Papago has been in operation since September 1972 by the Papago tribal government under direct contract with the U.S. Department of Agriculture. This tribally run program has been most successful as evidenced by the fact that since taking over the program from the State of Arizona, we have: significantly increased individual participation; are now delivering 21 commodity items per month, whereas, the State program fluctuated between 10 and 13 items per month; and that we now distribute commodities in 22 communities

each month where as the State program reached only 16 communities. The program has been of substantial benefit to our people.

Much of this improvement has been due to the great help of region IX USDA officials, for which I want to publicly thank them. As an aid to understanding the following report, I call your attention to the several initial facts:

The Papago Reservation is the second largest in the country and encompasses an area about 95 miles east and west and 100 miles north and south.

Papago population is about 8,600 persons on the reservation. Per capita income is about \$730 or 20 percent of the national average; unemployment is 40 or 50 percent, some nine to ten times the national average. Infant mortality is 60/1,000 which is three times the national rate; average education is less than the ninth grade.

Papago is isolated in the arid desert region of southern Arizona. Sells, the capital and major population center, is 65 miles from Tucson. It is 90 and 85 miles respectively from the small Arizona towns of Ajo and Casa Grande. There is no public transportation on the Papago Reservation.

The problems we face are perhaps unique to large Indian reservations. They are complicated by the fact that the Papago Tribe is a poor tribe, presently operating a substantially deficit budget. While progress is being made through exploration of mine deposits, substantial new jobs and new income is still several years in the future.

Based on these facts the Papago Council has voted on three separate occasions during the past 2 years, to continue the commodity program as the only practical program to meet the needs of its people.

The following report outlines the reasons for that decision.

In this day and age, the U.S. mail system on Papago is totally inadequate to meet the needs of a food stamp program. There is only one real post office on Papago and this is located at Sells. It serves the township of Sells alone and leaves a majority of the population out. The rest of the reservation receive mail general delivery at one of the six trading posts or through Sells Star Route, a Tucson newspaper route; some of the westend all receive their mail at the same box, P.O. Drawer 9, Ajo, Ariz. Not only are these unsophisticated systems inadequate, they are illegal according to Federal guidelines for food stamp procedure, which state that no food stamps may be mailed to a recipient via a general delivery address.

Another major problem area with a food stamp program would be in certification of applicants. One of the prime factors is that a great majority of the people applying for food stamps will not be fluent in the English language and many will have very little, if any, knowledge of English at all. Of equal disastrous proportions, is the State of Arizona food stamp application. It consists of five pages of questions, many of which have no relevance to the Papago situation whatsoever; questions which would be pertinent to Papago do not appear on the form. The form is very obtuse and requires

a lengthy period of time for completion. State figures indicate that one certifier can process only eight applicants on a normal work day. In actual practice, however, the most efficient of certifiers have gone as high as 15 applicants in 1 day. I estimate, for my records, approximately 200-300 families in Sells alone will be eligible for food stamp participation.

At this point, let us assume the applicant has overcome these difficulties and has received his allotment of food stamps. What does he do now? There are yet two more obstacles in the way of his placing meat and bread on his table; the retail and transportation structure on the Papago Reservation.

There are six retail stores on Papago and all fit into the category of trader. Two are located in Sells and one each located at Covered Wells, Santa Rosa, Pisinemo, and San Simon. The prices at these stores are atrocious. A 1973 survey completed by the Arizona Consumer Council showed that the average cost of food on the Papago Reservation was 24 percent higher than the average for the rest of the State of Arizona.

Many participants may not have to worry about the purchasing power of their food stamps simply because they may never be able to get to the store in the first place. There are only six retail stores to serve 8,463 people—as per census taken December 1973—who reside in 60 separate villages scattered over 2,855,874 acres of land. This means approximately 6,000 people do not have ready access to a store where they can purchase their family's food needs. Transportation is a very serious problem that aggravates this situation. There are few private vehicles and maintenance is very high due to lack of paved roads. The biannual rains also wreak disastrous effects on transportation due to the dirt roads that wash away easily. If this were not enough, the whole country is going through a fuel shortage, the effects of which are very extreme on Papago.

I foresee another problem in the general level of education achieved by Papagos. Most of the food stamp recipients are going to fall into this low education level. The complicated food stamp process will be very frustrating and confusing to these people.

Many of these people speak little or no English. They do not understand legal mechanisms and will not be able to protect their rights in the program. Their stamps are easily stolen or lost from open mail boxes. They will have difficulty understanding the value of their stamps.

Some traders do mark prices. Overcharging or short-changing is easily accomplished. Loss, theft and misdirection of social security checks is a frequent problem and unscrupulous dealings with food stamps are easier, safer and more tempting than with checks. In the best of circumstances, missing stamps prove difficult and lengthy to trace—average trace time in Tucson is 10 to 15 days. On Papago, with problems of language, poor education, distance, and communications, the chances of a recipient paying his money and never receiving his stamps are very great.

Finally, with all of the above aside, many Papago people will receive only marginal benefit due to the fact that they have no

electricity and no cold storage. They cannot afford frequent trips to the trader and will have to buy mostly canned goods and other expensive nonperishables.

In summing up, the food stamp program, as it is now, would be totally ineffective and impractical on the Papago Reservation. First of all, the present mail system is inadequate and illegal; second, the food stamp certification process is lengthy and impractical; third, the Papago retail and transportation system cannot possibly meet the needs; fourth, a great many of Papago people who might participate in the program do not have the knowledge necessary to cope with the stamps; fifth, the opportunity for theft or unscrupulous dealings with stamps is very great and finally, many families cannot benefit from the stamps due to high cost and lack of cold storage.

If a food stamp program were to be implemented on Papago, there are many innovations critical to obtain a fruitful operation. Much can be done to implement a program that will meet the highly specialized needs of the Papago people if Federal authorities are willing to cooperate with appropriate legislation and financial assistance.

The major thing that is needed is a total system which deals with all the problems of certification, stamp delivery, transportation and retail deficiencies in a coordinated manner. It is exactly for this reason that the Papago tribally operated commodity program has been so highly successful. Such a system must include:

1. An effective way to transmit correspondence, forms and food stamps between the recipients and the operating agency;
2. Certification procedures, conducted in the Papago language, streamlined to minimize inappropriate questions—what is your street name and address; what are your utility bills?—and adapted to meet the Papago financial reality—how many children do you have in boarding school? What are your transportation expenses; how much do you spend on firewood?
3. A retail-transportation system which eliminates or reduces shopping trips which are so costly to the participant.

One way to deal with correspondence would be to totally revamp the U.S. mail system on Papago. A more practicable solution, is drop the mailing process and to set up "over-the-counter" operations. Base centers could be set up at Sells and either Santa Rosa of Pisinemo, open from 7 a.m. to 7 p.m. 5 days a week. To reach outlying villages, a field crew is necessary operating the same hours as the centers. Extreme hours as needed to accommodate participants in a BIA work-welfare program—tribal work experience—who have regular assigned duties from 8 a.m. to 5 p.m. each day.

Senator YOUNG [now presiding]. Are you speaking now of the food stamps, if they were used?

Mr. PRICE. Yes, whatever entails the fruitful use of the food stamps.

The process at the centers should be a one-step procedure: The applicant should be able to fill out all forms, have his eligibility determined, and if eligible, purchase his food stamps right then

and there. Much can be done to the application form itself. Questions which do not apply to the Papago Reservation could be deleted entirely. Some questions should be labeled: "To be answered where applicable only." There are important questions which are not asked. People sending their children to boarding schools should be taken into account to automatically increase and decrease the grant at appropriate times

All interviews should be conducted in Papago and greater provision should be made for immediate interim certification. Since present per capita income is only \$730 per year—capita 20 percent of the national average—most applicants will be eligible anyway and there is no reason to penalize them unnecessarily. Revisions are also needed in many of the regulations on certification; for example, "household" definitions should reflect the Papago extended family and migratory life style. Families whose status is relatively stable, that is, elderly couples who are not likely to acquire a paying position and whose only income is social security, or similar situations should be certified for a period of 6 months to a year with a brief and simple status check periodically. This would greatly relieve the strain on the certifiers and allow them to do a more efficient job. This has not been true under the State system in San Lucy District—a Papago District geographically separate from the main Reservation—where it took some applicants 3 months to actually receive their stamps after application to the State agency.

Solving the problem of high food cost and of transportation are even more difficult. An operative stamp program must provide something of a fair value. Presently, Mr. Juan who lives in the village of Menagers Dam which is 60 miles from the nearest retail outlet, purchases \$225 worth of stamps, they will be worth only \$180 at the trader's. Further, he will pay as much as \$15 to \$20 per trip for transportation and additional money to buy his food in cans or other nonperishable form. He is obviously not getting fair value for this stamps. Probably, the obstacles will be so great that he will choose not to participate at all, especially, if he must mail his money and wait 1 to 2 weeks for his stamps to return.

An obvious solution is a tribally operated mobile market which will frequently travel to the 22 distribution centers already established by the Papago commodity program to sell basic staples and some fresh produce. A necessary complement is scheduled public transportation connecting Papago villages with major outside communities.

We are now at work on a transportation system and have begun study of a tribal retail operation. However, both of these systems require much planning, effort and training and capital expense beyond the present capability of the tribal treasury.

These systems should be integrated with the entire process of certification and stamp sales as well as with monthly schedules for social security and pay checks. An integrated system will not only be easier to the recipient, but can also save on personnel costs and fuel usage. Hopefully, certification, stamp sales, and food purchase can all take place in a single village operation—similar to the system we now have with commodities.

The State of Arizona has neither the time nor the expertise to develop such a coordinated program. They share none of the responsibility for meeting the difficult problems of retail service and transportation; they were unable to operate an effective commodity program on Papago and have been unable to operate an effective urban food stamp program—see appendix.

We believe that an effective program can only be run by the Papago Tribe. I would personally suggest a tribally administered program, operated under direct contract with USDA and with a congressionally allocated budget. In this way we would be assured of a staff who is knowledgeable of the specific Papago situations, and is dedicated to getting the job done because it is done for the improvement of their own people and their own Reservation.

We therefore, on behalf of the Papago Council and its people, fully support S. 2871 and request your early passage of this bill as a vital prerequisite to ensuring the health and welfare of our people.

In addition, we would request your serious consideration of the following amendments:

1. Specific extension to Indian Tribes of authority to operate the commodity program for an additional 18 months, for example December 1975;
2. Appropriation of funds to USDA, sufficient to meet the local operating costs of commodity programs during such time;
3. Permission to operate both food programs on a given reservation during a transition period of not less than 1 year;
4. Specific direction to the Secretary of USDA to negotiate such changes in the food stamp regulations as are necessary for effective operation on remote Indian Reservations.

Thank you for your attention.

Senator YOUNG. Thank you for your statement. You do a good job of explaining why these programs don't work so well on the reservations. I introduced a bill along the same line. If there are any provisions of that bill that you don't like, maybe you would file a supplemental statement with the committee.

[The attachments to Mr. Price's statement follow:]

#### APPENDIX I

##### RESOLUTION OF THE PAPAGO COUNCIL

(Resolution No. 53-73)

Whereas The food price conditions on the Papago Reservation have not improved in the past year; and

Whereas The largest trading post on the Papago Reservation has recently been destroyed by fire; and

Whereas National freezes and trends have raised reservation food prices and have made meat, almost impossible to obtain at reservation trading posts; and

Whereas A year ago the various Papago districts did decide that Food Stamps were not workable here given the high prices, limited inventories and the problems of transportation and did decide that the only workable food assistance plan was the Commodity Program; and

Whereas The Papago Tribe has established an effective commodity distribution program and has expanded much local time, money and effort in establishing this program, Therefore be it

*Resolved* The Papago Council members will consult again with their district people as to which programs, commodities or Food Stamps the people prefer; The Council does believe the people will still find Food Stamps to be an unworkable system at this point;

The Council does direct the Chairman and his assistants to initiate an appeal to the U.S. Secretary of Agriculture for permission to continue the Commodity Program on Papago and to carry such appeal to other appropriate federal officers, subject to final review and decision at the earliest possible time following consultation with all of the Papago People.

The foregoing Resolution was duly enacted by the Papago Council on September 24, 1973 at a meeting of which a quorum was present with a vote of 18 for, 0 against, 2 not voting, and 2 absent, pursuant to authority vested in the Papago Council by Section 2 (a) of Article V, of the Constitution and By-Laws of the Papago Tribe of Arizona ratified by the Papago Tribe on December 12, 1936 and approved by the Secretary of the Interior on January 6, 1937 (48 Stat. 984) pursuant to Section 16 of the Act of June 18, 1934. Said Resolution is effective as of the date of its approval by the Superintendent of the Papago Agency and is not subject to review by the Secretary of the Interior.

THE PAPAGO COUNCIL,  
AUGUSTINE B. LOPEZ,  
*Chairman.*

Attest:

BETSY J. NORRIS,  
*Secretary.*

Approved:

JOSEPH M. LUCERO, *Superintendent, The Papago Agency.*

Date: November 9, 1973.

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## APPENDIX II

THE PAPAGO NUTRITION IMPROVEMENT PROGRAM,  
*Sells, Ariz., April 9, 1973.*

Dr. MILTON Z. NICHAMAN,  
*Chief, Nutrition Program, Center for Disease Control, HSMHA,  
Atlanta, Ga.*

DEAR DR. NICHAMAN: Enclosed is our Quarterly Narrative Report for the months of January-March 1973.

We are now in our last 6 months funding period. The Tribe with its various programs have been seeking funds to continue the Nutrition Program. A total part of our energies are being spent on seeking funding sources but to date have no definite commitments.

As the body of the report indicates, even with the possible threat of no more funds to continue the program, the staff still maintains its enthusiasm and dedication to the program in working for the Papago people.

Sincerely,

LORNA PATRICIO,  
*Director.*

Enclosure.

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THE PAPAGO NUTRITION IMPROVEMENT PROGRAM—QUARTERLY REPORT, JANUARY 1,  
TO MARCH 31, 1973

### CONTINUING PROGRAM ACTIVITIES

#### *Infant formula program*

Nutrition Aides continue to offer counseling and education to more than 200 infants. All infants born after January 1, 1973, are evaluated for risk level for nutritional problems. (See January 1, 1973—Quarterly Report.) Of the 20 infants born since January 1st, three were evaluated "Very High Risk" and received pre-bottled formula and monthly home visits. Average and high risk infants receive education and monthly home visits until three months of age and then visits once every three months. To date, the risk analysis appears to be accurate. None of the average or high risk infants have suffered from nutritional problems or severe morbidity.

### *Commodity food demonstrations*

Nutrition Aides are providing Commodity Food demonstrations in 10 to 11 villages each month, enabling us to reach 21 villages every other month. Approximately 150 women (and men) attend the demonstrations each month. The dates and times of the demonstrations are now appearing on the Commodity Food Distribution schedule which goes to every family receiving commodity foods. Since this began on April 1st, we have noticed a marked increase in the number of ladies attending the demonstrations. Most of the women tell the Aides that they have tried the recipes at home.

### *Trading post price survey*

The Nutrition Program conducted the third trading post price survey on January 17 and 18, 1973. The Arizona Consumer Council Survey revealed the following:

1. Five trading posts plus one general store just off the reservation were among the 10 highest priced stores of the 93 stores surveyed in Arizona.

2. The average price for 15 items surveyed was \$8.09 in Papago trading posts and general store.

3. The average price for the same items in the 86 other stores was \$6.52.

4. The average cost of food in these Papago stores is *24 percent higher* than the state-wide average. The March, 1972 survey showed that Papagos pay *28 percent* more for food.

5. Several of the traders appear to be trying to keep food prices down. There is evidence of more "house label" foods rather than the nationally-advertised brands. One trader commented that he was lowering prices on "staple" foods. He has lowered the price of infant formula to Tucson prices.

## APPENDIX III

### FOOD STAMP IMPROVEMENTS BEING SOUGHT

Phoenix, Ariz., Feb. 21, 1974: Long lines and extended delays for those applying for food stamps are a grim reality according to the Arizona Department of Economic Security.

Department Director, William J. Mayo, said complaints from food stamp applicants, particularly those receiving public assistance, have been increasing on a daily basis. In recognizing their plight, Mayo said "It is indeed unfortunate that the extremely needy are faced with long delays in applying for food stamps. However, I must point out that the welfare recipients applying for food stamps constitute but 20 percent of the total. The other 80 percent, perhaps more fortunate, must also be served according to the law."

Mayo explained that long delays are due primarily to the following reasons: growth in the number of Arizona's food stamp households from 23,000 in 1973 to 33,000 at the present time; a cumbersome five page application form, imposed by the U.S. Department of Agriculture which must be completed for each applicant; long periods of time required to certify eligibility information before approval can be granted; and another USDA requirement that results in the need to recertify eligibility for 70 per cent of the recipients each month.

Mayo said the DES has been aware of the emerging food stamp problem and management and internal audit staff have been working on their solution every day.

He said efforts to improve the food stamp program have included the addition of 75 staff since November 1973 and the establishment of over-the-counter sales points throughout the state. He cautioned that resources to hire even more staff and provide additional offices are critically limited.

In spite of budget limitations, Mayo said, concerted efforts to streamline and improve the food stamp program are continuing. Plans are underway to seek USDA approval of a shortened application form, certification periods are to be lengthened when possible, and use of outreach facilities and volunteer workers will be expanded.

### FOOD STAMP PROGRAM TO GROW EVEN MORE

Phoenix, Ariz., March 18, 1974: Arizona households participating in the food stamp program have grown in number from 21,000 in Jan., 1973 to 33,000 in Jan., 1974, according to the Arizona Department of Economic Security.

William J. Mayo, DES director, said this number is expected to increase to approximately 53,000 by the end of 1974. The projected growth, according to Mayo is due to new federal regulations which will liberalize and broaden the scope of eligibility. The Department indicates that as many as 126,000 Arizona households representing over 400,000 people could be eligible to buy food stamps if they choose to do so.

Mayo said the phenomenal growth in the food stamp program is also illustrated by the monthly cash volume of food stamp purchases which has grown from \$671,000 in January 1973 to \$828,000 in January 1974. The monthly purchasing power of the stamps in the grocery store, Mayo reported, has grown from \$1.8 million to \$2.9 million during the same period. The January 1974 amount represents a free bonus value of about \$2.1 million for food stamp buyers compared to a bonus value of about \$1.1 million for the same month a year ago.

Mayo said the growth in the program has been accommodated during the last 15 months through innovations by the Department which include:

1. An increase in number of food stamp application offices from a single location in Phoenix to 20 offices throughout Arizona (2-Cochise County, 2-Gila County, 10-Maricopa County, 1-Navajo County, 2-Pima County, 2-Pinal County and 1-Yuma County).

2. The establishment of three departmental over-the-counter sales offices (2-Phoenix, 1-Tucson), with additional offices to be opened in Phoenix, Tucson and Mesa in the near future.

3. An agreement with U.S. postal authorities which resulted in the opening of post office food stamp sales offices in Douglas, Eloy, Flagstaff, Safford, St. Johns, Whiteriver, Clifton, Globe and Prescott.

Other postal sales outlets will be opened during April in Coolidge, Casa Grande, Winslow and Douglas.

When the food stamp program began, stamps were sold by mail only. Direct sales eliminates a waiting period of at least two weeks.

Mayo said \$4.5 million has been requested from the State Legislature to run the program through June 30, 1975. "This is a rock-bottom amount," Mayo added, "but it should allow the Department to absorb the growth at least through 1974." Mayo refuses to project smooth sailing beyond that point. He said, "Continued economic decline and other changes in the program by Congress could cause a vast increase in the number of food stamp households. If this happens, I may be forced to ask the Legislature for more money before the end of the fiscal year."

Mayo said previously announced improvements in the food stamp program will be implemented by April 1. These include a shortened application form, longer certification periods and better trained staff. These improvements, according to Mayo, are the primary reasons why the current rate of growth may be absorbed within existing staff and budget allocations.

#### JOBLESS BENEFITS TOP \$2.9 MILLION IN FEBRUARY

Phoenix, Ariz., March 20, 1974: Jobless benefits paid to workers covered by the Arizona Unemployment Compensation system totaled \$2,980,587 in February, the Department of Economic Security reported today. The amount of benefits paid in February reflected a moderate increase over the level of the previous month. While the February total was only slightly above the January figure, adjustment for the shorter work month in February indicated an increase of approximately 16 per cent for the month.

The number of claimants receiving one or more payments totaled 18,556 in February, an increase of eight per cent over the January total. Payments to claimants normally employed in contract construction increased nine per cent to 7,462 compared to an increase of 39 per cent in the previous month.

Comparison with the corresponding month a year ago shows an increase of \$1,307,000 or 78 per cent in jobless payments for the month. Economic factors accounted for most of the over-the-year increase in benefit payments but the increase of almost 20 per cent in the number of covered workers contributed significantly to the increase. Substantial increases in payments were recorded to unemployed workers from all industry divisions but contract construction accounted for 53 per cent of the increase.

ARIZONA DEPARTMENT OF ECONOMIC SECURITY,  
Phoenix, Ariz., March 22, 1974.

HON. BARRY GOLDWATER,  
U.S. Senator, Senate Office Building,  
Washington, D.C.

DEAR SENATOR GOLDWATER: As you are aware, Public Law 93-86 requires the Food Stamp Program to be extended to "every political subdivision in the State, unless such State Agency can demonstrate that for any political subdivision it is impossible or impracticable to extend the Program to such subdivision."

In compliance with this law, we have submitted plans for implementation of the Food Stamp Program on both the Navajo and Papago Indian Reservations. Attached are copies of the Navajo and Papago Plans and our letter of transmittal. Please note that we consider implementation of the Food Stamp Program in the remote areas impractical without additional retail food outlets.

We have received approval of our plans from the Department of Agriculture (copy enclosed) which granted a transmittal period through December 31, 1974. Since State funds for expansion of the Program will not be available until July 1, 1974, we have a six month's period in which to make the Program fully operational. It is considered imperative that Federal matching operating expenses for the Food Distribution Program be furnished the Tribes for this period.

We estimate that \$800,000 will be required to expand Food Stamps to the Navajo and Papago Reservations. To comply with the Federal law, members of our State Legislature have assured these funds will be made available during FY 75. But, they will be made available in the face of a concerted drive by Governor Williams and the State Legislature to reduce government expenses. In this regard, the proposed Bill S. 2871, "Food Program Technical Amendments of 1974" introduced by Senator McGovern would provide Federal reimbursement to the State Agency 62.5 per centum of all administrative costs, or acting as the agent of a Tribal government, 100 per centum of such administrative costs for that portion attributable to the administration of the Food Stamp Program on any Indian Reservation. Passage of this Bill would assist the State considerably in providing Food Stamps to the Navajo and Papago Reservations, would tend to improve Food Stamp service to other Arizona Reservations, and would supply more favorable consideration by our State Legislature in allocation of State funds for administration of the Food Stamp Program.

Sincerely yours,

WILLIAM J. MAYO.

Senator YOUNG. Who is next, please?

**STATEMENT OF HENRY ATHA, EXECUTIVE DIRECTOR, COMMUNITY ACTION PROGRAM, PAPAGO TRIBE OF ARIZONA, SELLS, ARIZ.**

Mr. ATHA. My name is Henry Atha. And I am from Papago also. I am the community action program director.

I just want to add a couple of things. There are documents attached to this testimony. There is a resolution from the Tribal Council specifying the Tribal Council's position on this legislation. And the testimony does represent the position of the Tribal Council.

There are also various documents which were press releases originally from the Department of Economic Security, the operating agency in Arizona which admit to the problems which they are having operating an effective food stamp program in even the urban areas, much less in an area such as Papago.

Then there is a copy of a letter from the Department of Economic Security in Arizona to the Arizona Delegation supporting S. 2871. And I am sure they would support Senator Young's bill

also, although I haven't read the full details. But the basic position of the tribe is that we would like to consider a continuing commodity program indefinitely because of the problems outlined, and if we can't, we do need changes that this bill would effect in the food stamp program if we are ever going to have an effective operation.

At this point I don't think that more than 15 or 20 percent of the eligible people can possibly participate under the existing regulations.

Senator YOUNG. Under the bill that we passed I believe last year we do give the Department of Agriculture considerable latitude to do much of what you were talking about this morning. Have you made the request for changes?

Mr. ATHA. We have a file of course with the Department of Agriculture approximately 2 inches thick. The provision that of course we dealt most with was the provision that in cases like ours that exceptions could be made. Their dealing with that was most inadequate. It generally consisted of letters saying, your request and your material is under study, and we will respond to you at some point in the future. What they did do finally—and it was only after this 2871 was introduced, and I think that may have had some effect on their thinking—was to extend the community program on Papago for 6 months, until the end of this year. That still isn't enough time to set up a transportation and retail structure.

Senator YOUNG. Thank you very much.

The next witness is Melvin White Eagle, the chairman of the Tribal Council.

It is a very special privilege to introduce you, Melvin. You folks made me an honorary member of your tribe a few years ago, and I feel like I am one of you. I remember that ritual was first in English and then he did it over again and he said, now I am doing it in American. Maybe if those regulations were both in English and American they would be better understood.

**STATEMENT OF MELVIN WHITE EAGLE, CHAIRMAN, STANDING ROCK SIOUX TRIBE, FORT YATES, N. DAK., AND CHAIRMAN, UNITED TRIBES OF NORTH DAKOTA**

Mr. WHITE EAGLE. Thank you, Senator.

I will go into my own statement. I am Melvin White Eagle from Fort Yates, N. Dak. I am Chairman of the Standing Rock Sioux Tribe of North Dakota and South Dakota and also Chairman of United Tribes of North Dakota.

The Standing Rock Sioux Tribe supports both S. 2871 and Senator Young's bill, S. 3235. But we favor Senator Young's bill because it focuses on the Indian problem, whereas the main purpose of S. 2871 is to relieve all 50 States of a portion of their administrative costs of running the food stamp program.

Senator Young's bill has two main purposes. First, to give tribes the choice of administering the food stamp program themselves, or through contract with the Secretary of the Interior or through

contract with the State. Second, to continue the surplus commodity program until the food stamp program for Indians becomes effective, but not beyond June 30, 1976.

Why do we need this legislation? Mostly because of complaints both by reservation Indians and by some States where reservations are located.

Let me talk about my reservation. Standing Rock Reservation is in two States, about half in South Dakota and half in North Dakota. This makes for double trouble. Under present law, the two States would administer food stamps on our reservation. While South Dakota has not refused to administer the program, I believe it would be happy to be rid of the job. I know that North Dakota would be glad to be released from the responsibility. North Dakota has announced publicly that it cannot lawfully run the food stamp program on the four North Dakota reservations, because it has no jurisdiction over reservation Indians and has no way of making them respond to North Dakota law.

The Standing Rock Indians would prefer that the food stamp program be run through the tribe or by the tribe in cooperation with the local Indian agency. Other tribes may wish to work through the Secretary of the Interior. This would be of great help to the reservation Indians and would not cost the United States very much additional money.

Tribal administration would be a help because reservation Indians are not accustomed to dealing with State officials and often are embarrassed and unwilling to appear before them. Also, it is a hardship for Indians to get to town or city where the State locates its office—usually off the reservation. We have no public transportation system at Standing Rock. Our reservation is 150 miles north and south, and 75 miles east and west. It is not easy for poor Indians to get to the State offices. Many never make it and they and their families suffer, unnecessarily.

If Senator Young's bill became law, tribes could make the food stamp program work for reservation Indians. This is so because we know our own people, and would have no difficulty in handling the program. Right now, tribal and agency records show the name, address, age, education, and income of almost every Indian on the reservation. The agency social service personnel could determine eligibility with small expense to the United States and the States when performed by State personnel. Once eligibility is determined, the program would be administered through the tribe's credit office, or its finance office. We would set up convenient places on the reservation for Indians to get their stamps. Old people who do not speak English well would be taken care of. We would educate reservation Indians to the advantage of the program, teach them how to buy with stamps, and make things convenient for reservation Indians to participate in the program.

Now a word about surplus commodities. Our Indians depend on them. Until the food stamp program goes into operation and our people are educated to the use of food stamps, we must have the surplus commodities continued. At least 2 more years of surplus commodities are needed. Senator Young's bill provides this.

On behalf of the Standing Rock Sioux Tribe, I urge the committee to approve Senator Young's bill—S. 3235.

Senator YOUNG. Melvin, that is a very helpful statement. When the Indians need help now do they have to go all the way to the agency for food stamps?

Mr. WHITE EAGLE. No, we have a few workers that visit each of the districts on certain days. And they take a certain day of the week and visit with the people, so that they do not have to go to the agency. And this could be worked out.

Senator YOUNG. You would set up at different places in the future where they could go and get food stamps?

Mr. WHITE EAGLE. Yes, sir. This is being done now for other things than food stamps, but the food stamps could be added to the workload of these social workers.

Senator YOUNG. And you would like to continue both of them at least for awhile until one of them could be more workable, is that right?

Mr. WHITE EAGLE. Yes, sir.

Senator YOUNG. Is that all?

Mr. WHITE EAGLE. That is all I have, sir.

Senator YOUNG. Our next witness is Mr. Cato W. Valandra.

**STATEMENT OF CATO W. VALANDRA, PLANNING DIRECTOR,  
ROSEBUD SIOUX TRIBE, ROSEBUD, S. DAK.**

Mr. VALANDRA. My name is Cato W. Valandra. And I am the representative for the Rosebud Tribe, Rosebud, S. Dak.

I have been instructed by my tribe to speak in support of Senate bill 2871 and S. 3235, preferably 3235, the only difference being that there is a limitation set on when the community program will expire, and in the case of 3235 it would be in 1976.

It is the feeling of the tribes in the particular area I represent that the changeover from the surplus commodity program to the food stamp program is going to be too abrupt, and will not give them time enough to learn about the process of applying for food stamps, being certified for food stamps, and it appears to them to be just another situation in which the Federal Government or the State government is infringing on Indians again in the State.

I have brought along with me a map of Rosebud to show area-wide what effects it would have on Indian people to have to travel great distances to obtain food stamps. This particular map here—here are the boundaries of our Reservation. And the red shows where the existing towns are, where foodstores are located.

Let's take the county of Todd. Here is where the food stamps are sold once every 2 weeks for 2 hours. In other words, if you are an Indian man living over in the southwest part of the reservation you have to travel to Mission, S. Dak., to the county welfare department, to obtain food stamps. So you have got a long way to go, plus the fact if you are not there at that 2-hour period when they are open you are out of luck.

Senator YOUNG. And the roads aren't always open in the winter.

Mr. VALANDRA. That is right. Transportation is a problem, roads are a problem, and the weather is a problem.

And we think administration of the food stamp program should be by the tribe, with the tribe, instead of an office having an office open 2 hours 1 day every 2 weeks, would be able to circuit ride or have social welfare people in those various communities on a certain day at a certain time to sell these food stamps to the people who are unable and don't have the wherewithall to hire a car to go buy their food stamps, they would be available to them in their own local communities.

Senator YOUNG. How many people do you have on the reservation?

Mr. VALANDRA. Our Indian population here is around 7,800.

Senator YOUNG. How many Indians do you have altogether in South Dakota?

Mr. VALANDRA. About 45,000.

Senator YOUNG. How many do we have in North Dakota?

Mr. WHITE EAGLE. Approximately 20,000.

Senator YOUNG. Does that complete your statement?

Mr. VALANDRA. No. I have a few other things I have brought along.

For instance, the application by the welfare department in the State of South Dakota determining the eligibility for food stamps. You almost have to be a lawyer to figure this form out.

Second, once you get the form filled out, the determination of eligibility is made by the State welfare department.

In the case where you fail to buy your food stamps within the 2-hour period set by the welfare department, you have to go through this whole process again in order to be certified for the next go-around.

Now, the State of South Dakota says this in a report, that the officials in South Dakota have told tribal leaders that they lack such certification workers and that people who go out and certify the eligibility for food stamps—to handle the large number of Indians who will become eligible when the switchover to food stamps takes place. And I would think a lot of Indian people would not receive food stamps if the changeover is abrupt, let's say on July 1, 1974, you have got to go to food stamps. A lot of them wouldn't be able to fill forms out, and the State would not have enough people to take care of all the Indian people who would become eligible to receive those stamps, but would not take advantage of it because they have a long distance to travel, and there are the road conditions, and weather, and always talking to a white social worker and trying to fill out one of these certification applications for food stamps.

And so first of all, I think tribes should administer food stamps, whether they are in agreement with the State of South Dakota or North Dakota or whatever it might be, or the Department of Interior, the Bureau of Indian Affairs. But I think in order for Indian people to utilize food stamps and take advantage of a Federal program which is nationwide, that it is essential that the administration of the program is given to the tribes so that they can take care of their own people.

And thank you for giving us the opportunity to speak.

Senator YOUNG. I notice all the witnesses feel very strongly that their tribes have at least more to do with the handling of the program.

Mr. VALANDRA. The same as they do with the surplus commodity program.

Senator YOUNG. Thank you for your testimony.

I don't know which bill will be reported out, probably a combination of the two, or perhaps a new bill, a committee bill. But anyway, I think the committee will be impressed with your testimony. It will be considered when the full committee meets to report out the bill, whichever bill or combination it turns out to be.

Mr. Glenn.

**STATEMENT OF GILBERT T. GLENN, DEPUTY DIRECTOR, COMMUNITY ACTION PROGRAM, CROW TRIBE OF MONTANA, CROW AGENCY, MONT.**

Mr. GLENN. My name is Gilbert Glenn and I am the Deputy Director of the community action program for the Crow Tribe of Indians of Montana.

I brought along a survey that we have had our adult education program put together for us. Our Tribe has quarterly councils, and our next quarterly council is in April, at which time we are going to submit a resolution on food stamps to the council. In the meantime they sent me to testify before this committee.

On the Crow Reservation we have great distances involved to get to the stores, et cetera. For this reason, and because of the property on the reservation, a concern in the Crow tribe is to have tribal administration of a food stamp program. We have individual tribal ownership of land in our tribe. And an Indian person goes in to the State operated food stamp people and they say, how many acres of land have you got? And the Indian says, 100 acres. They immediately say, well, that is worth a \$100 an acre, so you are worth \$10,000. So that is end of his asking for food stamps. This value is not a true reflection of how much money the Indian receives for this land that he leases. He might get 35 cents an acre is all. According to the statistics in the community action program, about 85 percent of Indian tribes should be eligible for food stamps, whereas the statistics of the States have are reversed, based on these land value figures.

And then when we go to the county the county says, you are on the reservation, so your tribe should handle it. At any rate, it is just a problem of not being able to communicate with the county in Montana.

So what we are asking is, if possible, that the tribe, since it is better equipped and more capable to administer a food stamp program, that the commodities program be continued for a year because it would take us at least that long to set up a food stamp program. We have emergency food program in our community action program that could be changed over to a food stamp program and take the responsibility of food stamps, if we were given a proper amount of time to set up the administration.

Senator YOUNG. Does that conclude your statement?

Mr. GLENN. Yes. I think the main thing is that we are interested in having the administration of the food stamp program within the tribe.

Senator YOUNG. I think you have made your case very well this morning, all of you.

[The attachment to Mr. Glenn's statement follows:]

FOOD STAMP COMMODITY SURVEY, PREPARED BY CROW TRIBE ADULT EDUCATION PROGRAM, CROW AGENCY, MONT.

Recently, the Crow Tribe Adult Education Program conducted a survey among tribal members to determine which organization should administer a food stamp program or a commodity program. The results of the random sampling reflects the opinion of tribal members about the capability of various agencies to administer a Food Stamp Program.

*Question No. 1.* The first question asked was: Now that the commodity program has ended, it is likely that the Food Stamp Program will replace it. In your opinion, which of the following agencies could best handle a Food Stamp Program.

People were asked to choose a first choice, second choice, and third choice among a list of agencies that seemed likely candidates to administer the Food Stamp Program. Also a space for *other* was provided. In addition, the question, "Why is your choice best?" was asked. Sample of the questionnaire follows:

Mark: 1st choice                      2d choice                      3d choice

-----Crow Tribe                      -----Big Horn County

-----Emergency Foods                      -----Welfare

-----B.I.A. Social Services

-----Other (describe) -----

-----

-----

Why is your choice best? -----

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RESULTS OF QUESTION NO. 1

	1st choice	2d choice	3d choice
Crow Tribe .....	67	17	7
Emergency foods .....	38	38	5
B.I.A. social services .....	20	10	30
Big Horn county welfare .....	3	0	2
Other .....	0	1	11

Note about computations: Many people expressed only one choice by simply marking "X". Others placed an "X" in the spaces provided for two or more agencies. In any case, these marks were recorded as a first choice for the agency designated since there was no apparent preference given to either agency marked. The marks, however, were not discarded because there was an obvious distinction among agencies preferred to those opposed. Furthermore, note must be made that some people wished to express only a first choice and others a first and second choice in place of listing three choices. There was a total of one hundred and eight people informants.

*Conclusions:*

The results of the survey indicate overwhelmingly that the Crow Tribe or a Program controlled by the Tribe, such as Emergency Foods, is favored. While the Tribe as a first choice is favored nearly 2 to 1 to the Emergency Foods Program, the Emergency Foods Program is favored well over 2 to 1 to the Bureau of Indian Affairs Social Services Office. By comparison, Tribally controlled Programs (Crow Tribe plus Emergency Foods) are preferred 6 to 1 over all other programs listed. Big Horn County Welfare with only three votes for 1st choice was decisively the agency least preferred by Tribal members.

Second choice selections strongly indicate that tribally controlled programs are favored (5 to 1) compared to those programs not directly controlled by the Crow Tribe. Again, there is a definite indication that Big Horn County Welfare is not preferred.

Third choice results show that Bureau of Indian Affairs Social Services strongly dominates by nearly 3 to 1 over the next nearest group which was "other". Again, the County Welfare Office scored low with only two votes as a

third choice. Due to the fact that Tribally controlled programs were overwhelmingly first and second choices, these programs rated low as a third choice.

Summary of data: This data indicated that the Crow Tribe is strongly favored as a first choice and that the Tribally controlled program, Emergency Foods, is a strong second choice and finally the Bureau of Indian Affairs is a decisive third choice to administer a Food Stamp Program. If a fourth and fifth choice were revealed, the results are that the category "Other" (establish new programs, use district workers, etc.) places equal to or well ahead of Big Horn County Welfare in all choice categories.

The second portion of the questions essentially asked "why?" In response there were six answers that repetitively appeared. In no particular order, they were (1) The Tribe is more aware of the needs of tribal members than any other agency, (2) transportation is a problem—the tribal members can obtain ride to Crow—the Tribe will decentralize the program, (3) any operation located off the Crow Reservation will not serve Reservation, (4) compared to the Tribe, other agencies have "too much red tape", (5) the Tribe has had more previous experience handling programs and has handled them better than any other group, (6) and "Crows should handle Crow Programs and problems."

Question No. 2. The second question asked: If you had a choice, would you rather have a Food Stamp Program or a Commodity Program with a greater variety of food?

Mark one:

-----Food Stamp

-----Commodity

The results were 77 people favored Food Stamps and 31 people favored the Commodity Program. Essentially, a Food Stamp Program is a 2.5 to 1 favorite over a Commodity Program.

Examination of the second part of the question "why?" indicates, however, that many people did not understand the question. Examination reveals that most of the people felt they were asked to choose whether they wanted Foods Stamps or Commodities. Respondents indicated a strong preference for Foods Stamps primarily because there existed an opportunity for a greater choice of foods, thus one could have a better diet. In addition, respondents indicated that it is very important to be able to obtain what one needs. That flexibility is compared to a commodity program that offers only certain items without regard to need. In general, people desiring Food Stamps wanted better quality and greater variety of food. Those preferring commodities seemed to base their decision on mistrust of people handling Food Stamps, the fact that they would have to pay some of the cost difference in cash, the knowledge that some stores on the Reservation will not accept Food Stamps, and finally that those eligible for commodities may be determined ineligible for Food Stamps.

Most critical, however, is the fact that when people were questioned about a Food Stamp Program, few people were aware of policies and guidelines used by this program. Therefore, it is the opinion of the survey team that although this question accurately reflects the current feelings toward Food Stamps and Commodities that respondents did not have enough information about each program to make a qualified decision.

Conclusion: Even given the confusion surrounding the second question, many feelings surfaced. People want a greater variety of food and prefer to make decisions concerning the foods will make up their diet. Given the 2 to 1 margin in favor of Food Stamps over Commodities, it would appear that there is a general dissatisfaction with the Commodity Program. Relating that to the first question, it is likely that the dissatisfaction is not as much with the administration of the Commodity Program but more with the actual availability of food to that Program.

In short, this survey indicates that people strongly favor the Crow Tribe administering a Food Program that offers flexibility in management and variety of food. It also demonstrates, dramatically, that Tribal Members do not wish to have the Big Horn County Welfare Program involved.

For more information regarding this survey, contact:

Mr. Kenneth Toineeta, Director, Crow Tribe Community Action Program, P.O. Box 413, Crow Agency, Montana 59022.

Mr. Gilbert Glenn, Deputy Director, Crow Tribe Community Action Program, P.O. Box 413, Crow Agency, Montana 59022.

Mr. Rusty Rokita, Director, Crow Tribe Adult Education Program, P.O. Box 413, Crow Agency, Montana 59022.



Senator YOUNG. Please identify yourself for the record.

**STATEMENT OF WAYNE J. ANDERSON, LEGAL COUNSEL, NORTH DAKOTA SOCIAL SERVICE BOARD, BISMARCK, N. DAK.**

Mr. ANDERSON. Wayne J. Anderson, counsel of the Social Service Board of North Dakota.

Mr. Chairman, I recognize that the committee has a very limited amount of time to hear testimony now. I have a prepared statement with certain attachments. I would request that it be included in the record of this hearing.

Senator YOUNG. Yes; that will be done.

Mr. ANDERSON. Thank you.

It is a privilege to present the view of a small agricultural State in connection with the subcommittee's consideration of S. 2871. And I might add, Mr. Chairman, that you have recently submitted or introduced S. 3235, which the Social Service Board of North Dakota also supports.

The Social Service Board of North Dakota is the agency designated by the Secretary of Agriculture for purposes of administering the food stamp program in North Dakota. The North Dakota counties, in accordance with the State plan of operation approved by the Secretary, are responsible for certifying eligible households and for making stamp sales. The State agency directs and supervises county administration.

Presently, 52 of the 53 counties in North Dakota extend food stamp program benefits to eligible households. Rolette County continues to operate the surplus commodity program. The county has over one-half of the State's Indian population and over one-half of the county's population consists of persons of Indian descent. The Turtle Mountain Indian Reservation is in Rolette County and eligible reservation Indians participate in the surplus commodity program operated by the Chippewa Tribe and Bureau of Indian Affairs jointly.

In addition to Turtle Mountain, there are three other sizable Federal Indian Reservations in North Dakota: Fort Berthold; Fort Totten; and Standing Rock. Each of these reservations has a surplus commodity program operational within its boundaries. Because the State does not have jurisdiction on the reservations the Bureau of Indian Affairs has historically and is presently responsible for making eligibility determinations for the receipt of commodities on the reservations.

There are 14,881 Indians residing on or near four previously mentioned reservations. (\*See attachment A). 8,125 or 54 percent of the reservation Indians are dependent upon the commodity program for adequate food and nutrition. In the past, the Indian tribes have expressed a preference for the surplus commodity program over the food stamp program for the following reasons:

1. There is usually a recipient cash outlay for the receipt of food stamps whereas there is no cash outlay for the receipt of commodities.

2. Eligibility criteria for the food stamp program are more severe than those of the commodity program.

The food stamp program was initiated on the Fort Totten Reservation in 1968, but was discontinued 1 year later by Tribal Council resolution. There was a decided preference of the surplus commodity program.

Restrictions against dual distribution of food stamps and surplus commodities benefits has precluded both programs from operating simultaneously on the Indian reservations. With the anticipated demise of the commodity program, there is increased Indian interest in the food stamp program.

The Agriculture and Consumer Protection Act of 1973 became law on August 10, 1973. Two provisions of the enactment prompted immediate action on the part of the Social Service Board of North Dakota. \* \* \* The requirement that the food stamp program be operational in all political subdivisions by June 30, 1974, and the termination of the commodity program operating expense fund effective June 30, 1974.

The Social Service Board immediately commenced investigating methods whereby the food stamp program could be made operational on the Federal Indian Reservations. We initially directed correspondence to Senators Young and Burdick requesting that they assist us in continuing the Bureau of Indian Affairs' administrative involvement in food programs on the Indian reservations.

Our Senators were advised by Department of Agriculture officials that the Bureau of Indian Affairs involvement or direct tribal involvement in the food stamp program is not authorized by law. Consequently, we urged amendments to the Food Stamp Act which would allow the Department of Interior or the tribal governments to administer the program on the reservations. We further urged extension of the commodity program during transition (see attachment B).

Since September 1973, North Dakota has urged amendment to the Food Stamp Act. The amendments supported by the Social Service Board are embodied in both S. 2871 and Senator Young's recently introduced bill. Our support of S. 2871 is predicated upon three assertions:

1. The State of North Dakota does not possess civil or criminal jurisdiction on the Federal Indian Reservations. Congress possesses absolute jurisdiction and control of Indian lands within the State.

2. The tribal governments in North Dakota and national Indian organizations have expressed a strong desire to assume effective and meaningful participation in the planning, conduct, and administration of programs for and services to Indians. (See attachments C, D, and E).

3. The third assertion, an offshoot of the first, is that the North Dakota counties with reservations within their boundaries are unable to finance the additional cost of administering the program on the Federal Indian Reservations.

The subcommittee has heard or will hear testimony supporting the Indians' desire for increased responsibility and self-determina-

tion. Therefore, your attention is now directed specifically to the jurisdictional and funding aspects of making food stamp program benefits available on the Federal Indian Reservations.

Simply stated, the Food Stamp Act as amended by Public Law 93-86 mandates the State to assume responsibilities without concomitant authority. Responsibility for the discharge of affirmative duties must be coupled with the authority to act. Many States, including North Dakota, do not have jurisdiction over Indian lands or Indian persons residing on Indian lands. The laws of the State and the regulations of State administrative agencies are not applicable or enforceable on the Federal Indian Reservations. (See attachments F and G). The State courts do not have jurisdiction over an Indian domiciled on an Indian reservation. (See *In re Whiteshield*, 124 NW2d 694, and attachment H). No Indian tribe in North Dakota has accepted State civil jurisdiction as authorized pursuant to 25 U.S.C.A. § 1322 (1968).

Why is jurisdiction, authority, and control necessary in order to administer a multimillion dollar food stamp program on the Federal Indian Reservations? The Food Stamp Act presently requires that only an agency of the State assume responsibility for the certification of applicant households and for the issuance of coupons. (See 7 U.S.C. section 2019(b)). Certification, in part, entails a verification of household income and the conduct of field investigation. Information relative to income and resources of reservation Indians is, in many instances, held by the tribal government or by the Bureau of Indian Affairs as trustee for Individual Indian money accounts. Traditional "authorizations for release of information" are not uniformly honored by the Bureau. The State is consequently handicapped in its certification function.

The Food Stamp Act requires that the State conduct administrative hearings to resolve disputes pertaining to matters of certification and issuance. (See 7 U.S.C. section 2019 (e) (8)). The State does not have authority, without jurisdiction, to compel attendance of witnesses, the production of documents, or even the attendance and testimony of household members who are living on the Federal Indian Reservation and are of Indian descent. Yet, the State agency is required by law to render a prompt determination to any household aggrieved by an action of the State agency.

Administrative rules and regulations of the State agency do not have the force and effect of law on the reservations. This raises serious questions as to effect and enforceability of affirmative reporting requirements by Indian households. State regulations relating to the food stamp program are not enforceable on the reservation: consequently, resort must be made to the Federal regulations, enforcement of which are the responsibility of the Secretary of Agriculture, not the individual States.

The U.S. Department of Agriculture institutions require that the State agency attempt recoupment of certain overissuances of food stamps through a "demand letter" process. This process contemplates reducing the overissuance, if necessary, to a judgment with post judgment remedies. Without civil jurisdiction to reduce an overissu-

ance to judgment, recoupment attempts are a token exercise. The problem becomes much more acute when Federal fiscal sanctions against the State for client generated overissuances are contemplated. Presently, the States are not financially responsible for overissuance unless they are the result of gross negligence; however, despite U.S. Department of Agriculture assurances to the contrary, the State fears quality control sanctions similar to those imposed by Health, Education, and Welfare. Such sanctions leave the State powerless to protect itself in terms of recovering from reservation Indians. The State courts have no jurisdiction. Federal court jurisdiction is dependent upon the claim being in excess of \$5,000. There is no forum for recovery.

It is argued that the State can sue an Indian in tribal court. This has not been tested; however, it is submitted that the State of North Dakota does not have standing in the tribal courts or courts of Indian offenses. The State cannot and will not subject itself to the jurisdiction of a court which does not and cannot have jurisdiction over the State of North Dakota.

Of lesser but of immediate concern to the State is the matter of funding the increased administrative costs anticipated in extending food stamp benefits to the reservations.

Under North Dakota's county administered program, county governments are required to bear the non-Federal share of the administrative costs in connection with certification and sales.

Indian land within North Dakota counties is not subject to real estate taxes. A recent decision of the United States Supreme Court has invalidated the State collection of sales and income taxes from reservation Indians. Both of these factors limit the Indian counties' ability to withstand the increased administrative costs necessitated by implementing the program on the reservations.

Two of North Dakota's reservation counties, Sioux and Rolette, are unable to withstand the added costs. The North Dakota legislature, which adjourned 5 months prior to the congressional enactment of the statewide food stamp program requirement, is powerless to assist the counties as it will not reconvene until 1975.

Eighty-nine percent of our Nation's Indian population (on or near reservations) is concentrated in nine states. (See attachment I). The Federal Government, representative of all the States, is responsible for the distribution of native Americans in usually nonproductive Federal enclaves. It is submitted that the responsibility to our native Americans cannot be fairly borne by one-fifth of the States; rather, it is the responsibility of all of the States, through the Federal Government.

It is urged that Congress acknowledge its unique and continuing relationship with and responsibility to the Indian people by assuming full responsibility for costs of bringing food stamp program benefits to the Federal Indian Reservations. S. 2871 will accomplish this by providing 100 percent Federal financial participation in the administrative costs of tribally operated food stamp programs.

S. 2871 extinguishes the State's concerns in connection with administering the food stamp program in areas outside of its jurisdic-

tion. The bill reflects the posture supported by Maurice Thompson, Commissioner of Indian Affairs, which is quoted in a recent Department of Interior news release:

In a nutshell, here is the Federal Government's policy today: It offers self-determination and self-government to Indian people as rapidly as Indians want it and can assume responsibility for it. In other words, tribes have the option of assuming control of their own Federal programs whenever they wish to do so. Furthermore, they will not be cut off from Federal support; they need only demonstrate strong and responsible tribal government and the ability to handle programs on their own. (See Attachment J.)

It is submitted that the concept of Indian self-government and Indian self-determination, advanced by the executive branch of Government and embodied in S. 2871, in a concept worthy of congressional adoption through enactment of S. 2871 or similar legislation. And it goes on. And I am simply asking, Senator that this committee and Congress support the concept of self-government and self-determination for Indians and authorize the Indian tribes to administer the food stamp program on the Federal Indian Reservations.

Senator YOUNG. Your view and that of your agency is virtually the same as those of the Indians?

Mr. ANDERSON. Identical, Mr. Chairman.

Senator YOUNG. I don't think we will have much trouble getting this bill out.

[The attachments of Mr. Anderson's statement follow:]

ATTACHMENT A—INDIAN POPULATION SERVED BY ABERDEEN AREA

[Based on March 1973 labor force report]

Reservation	Total	Male	Female	On reservation	Near reservation
Cheyenne River.....	4,335	2,115	2,220	4,213	122
Crow Creek.....	1,242	529	713	1,216	26
Flandreau.....	283	131	152	86	197
Fort Berthold.....	2,775	1,352	1,423	2,599	176
Fort Totten.....	1,995	994	1,001	1,845	150
Lower Brule.....	702	335	367	675	27
Omaha.....	1,369	726	643	1,369	0
Pine Ridge.....	11,478	5,750	5,728	8,809	2,669
Rosebud.....	7,538	3,737	3,801	7,431	107
Santee.....	357	173	184	256	101
Sisseton.....	2,979	1,503	1,476	2,696	283
Standing Rock:					
North Dakota (56 percent).....	2,726	1,397	1,329	2,599	127
South Dakota (44 percent).....	2,142	1,098	1,044	2,041	101
Total (100 percent).....	4,868	2,495	2,373	4,640	228
Turtle Mountain.....	7,385	3,766	3,619	4,509	2,876
Winnemago.....	660	323	337	589	71
Yankton.....	1,425	720	705	1,227	198
Total.....	49,391	24,649	24,742	42,160	7,231
Percent.....	100.0	49.9	50.1	85.4	14.6
South Dakota.....	32,124	15,918	16,026	28,398	3,726
Percent of South Dakota.....	100.0	49.6	50.4	88.4	11.6
Percent of Total.....	65.0	64.6	65.5	67.4	51.6
North Dakota.....	14,881	7,509	7,372	11,548	3,333
Percent of North Dakota.....	100.0	50.5	49.5	77.6	22.4
Percent of Total.....	30.1	30.5	32.8	27.4	46.1
Nebraska.....	2,386	1,222	1,164	2,214	172
Percent of Nebraska.....	100.0	51.2	48.8	92.8	7.2
Percent of Total.....	4.9	4.9	4.7	5.2	2.3

## ATTACHMENT B

## SOCIAL SERVICE BOARD OF NORTH DAKOTA

Unfortunate past incidents coupled with recent state and federal high court decisions affecting attempts by the State of North Dakota to exercise jurisdiction on the Federal Indian Reservations and Indian Trust Lands make it incumbent upon the Social Service Board of North Dakota to adopt a formal position with regard to administering the Food Stamp Program on such reservations and trust lands. The Social Service Board of North Dakota as the designated "Single State Agency" for purposes of certifying household eligibility for the receipt of Food Stamps and for purposes of making sales of food certificates representing obligations of the United States Government hereby makes the following:

## POSITION STATEMENT

Whereas Public Law 93-86 provides that "the state agency is required to submit, prior to January 1, 1974, for approval, a plan of operation specifying the manner in which such state agency intends to conduct the program in every political subdivision in the State, unless such agency can demonstrate that for any political subdivision it is impossible or impractical to extend the program to such subdivision. The Secretary shall make a determination of approval or disapproval of a plan of operation submitted by a state in sufficient time to permit institution of such plan by no later than June 30, 1974;" and

Whereas Public Law 93-86 eliminates the purchase of Surplus Commodities at prevailing open market prices by the Secretary of Agriculture effective July 1, 1974, and eliminates the Commodity Program operating expense fund effective July 1, 1974; and

Whereas the elimination of the Surplus Commodity Program will require an alternative food and nutrition source on Federal Indian Reservations inasmuch as each Indian tribe in North Dakota has elected to participate and is presently participating in the Commodity Program administered by the Bureau of Indian Affairs; and

Whereas the Food Stamp Act requires that the State Agency assume responsibility and stand accountable for the certification of applicant households and for the issuance of coupons, such certification entailing verification of household income and the conduct of field investigations; and

Whereas state jurisdiction is required to impose and enforce state laws and administrative regulations as well as to conduct investigations; and

Whereas the State Agency is required to initiate and follow through collection procedures for the recoupment of losses incurred in connection with the operation of the program, such procedures requiring civil jurisdiction; and

Whereas for prosecution purposes, the title to Food Stamps is regarded by the Department of Justice to have passed to the state upon delivery to the issuing offices; and

Whereas state criminal jurisdiction is a prerequisite to using state courts as a forum for the prosecution of individual fraud perpetrated in connection with the receipt of Food Stamps; and

Whereas the State of North Dakota neither possesses nor claims civil or criminal jurisdiction on the Federal Indian Reservations; now, therefore,

The Social Service Board of North Dakota hereby adopts the following position with regard to the administration of the Food Stamp Program on the Federal Indian Reservations lying within the State of North Dakota:

That the Social Service Board of North Dakota will not assume or accept liability or accountability for transactions occurring outside of the state's jurisdiction, and specifically, within the exterior boundaries of Federal Indian Reservations or tribal lands lying within the State; and

That the Social Service Board of North Dakota supports the McGovern amendment to the Food Stamp Act authorizing the Secretary of Agriculture to contract directly with the tribal governments for purposes of administering the Food Stamp Program on Federal Indian Reservations and Indian Trust Lands; and

That the Social Service Board of North Dakota will administer the Food Stamp Program on Federal Indian Reservations and Trust Lands within the State of North Dakota upon the condition that all liability and accountability with respect to individuals and transactions occurring outside of the jurisdiction of the State of North Dakota be waived and the Federal Government assume 100 percent of the costs incurred by the State in connection with the

certification of Indian households and sale of coupons to Indian recipients residing within the exterior boundaries of Federal Indian Reservations or Indian Trust Lands lying within the State of North Dakota.

#### ATTACHMENT C

##### RESOLUTION No. 244-74

Whereas the Standing Rock Sioux Tribe as an unincorporated Tribe of Indians having accepted the Indian Reorganization Act of June 18, 1934, and the recognized governing body of the Tribe is known as the Standing Rock Tribal Council, and

Whereas the Standing Rock Sioux Tribal Council, pursuant to the Constitution of the Standing Rock Sioux Tribe, Article IV, Section 1(a), 1(c), and i(1) is empowered to negotiate with Federal, state, and local governments in matters which affect the Standing Rock Sioux Tribe, and is empowered to engage in any enterprise that will further the physical, economic, and social development of the Tribe and its members, and

Whereas the Standing Rock Sioux Tribe is deeply concerned with the welfare of the people, as effected by the intentions of the U.S. Department of Agriculture to replace the Commodities Food Assistance Program with the Food Stamp Program, due to the anticipated administrative problems of implementing the Food Stamp Program as operated by the States of North Dakota and South Dakota, and

Whereas the State of South Dakota has determined that it will serve Indian families living upon trust lands and currently is seeking to include reservation Indians in the Food Stamp Program, although the State Legislature has not authorized an increase of Social Service personnel necessary to adequately serve the South Dakota tribes, and

Whereas the State of North Dakota has delivered a copy of its operational plan to the Tribe which calls for Congressional action amending the Food Stamp Act whereby the Secretary of Agriculture would be authorized to contract directly with Tribal Governments and/or the Bureau of Indian Affairs for administration of the program on the reservation; meanwhile the State has not officially determined whether it would serve Indian families in the interim period—but has avoided the issue, and

Whereas the Tribal Council is appreciative of the favorable characteristics of the Food Stamp Program over the commodities program, but has reservations about the feasibility of implementing the Food Stamp Program as surrounded by State controversies on legal jurisdiction and administrative financing, and

Whereas the National Congress of American Indians is holding a National Strategy Meeting on the Food Stamp Program in Denver, on January 11, 1974, and has invited representatives from Standing Rock: now, therefore be it

*Resolved*, That the Standing Rock Sioux Tribe recommend the amending of the Food Stamp Act with provisions for authorizing the Secretary of Agriculture to contract directly with Tribal Governments for the administration of the Food Stamp Program and secondly for the inclusion of additional Federal monies into the program thus allowing 100% of the administrative cost burden to be supported by the United States Department of Agriculture in lieu of the Tribe's inability to administer the program with current resources: be it further

*Resolved*, That the Standing Rock Sioux Tribe take action to challenge the State of North Dakota for immediate delivery of the Food Stamp Program benefits to Indian families living on trust lands so that reservations may have access to the Food Stamp Program during the interim period pending Congressional action on the amendments: be it further

*Resolved*, That the Chairman and Secretary of the Tribal Council be authorized and instructed to sign this resolution for and on behalf of the Standing Rock Sioux Tribe.

#### CERTIFICATION

We, the undersigned, Chairman and Secretary of the Tribal Council of the Standing Rock Sioux Tribe, do hereby certify that the Tribal Council is composed of 15 members, of whom 14, constituting a quorum, were present at a meeting thereof, duly and regularly called, noticed, convened, and held on the Ninth day of January, 1974, that the foregoing resolution was duly adopted by

the affirmative vote of 13 members, with 0 opposing, and with 1 not voting. The Chairman's vote is not required except in case of a tie.

Dated this 9th day of January, 1974.

MELVIN WHITE EAGLE,  
Chairman, Standing Rock Sioux Tribal Council.

Attest:

ALVINA GREYBEAR, Secretary, Standing Rock Sioux Tribal Council.

#### ATTACHMENT D

#### RESOLUTION No. 73-19-UT

Whereas the United Tribes of North Dakota Development Corporation is a non-profit state chartered corporation, whose membership is composed of representatives of the North Dakota Tribal reservation governments and as such has an inherent on-going concern for the welfare and well-being of the Indian people of North Dakota, and

Whereas, the United States Congress has passed the 1973 Farm Bill Act, a portion of which relates to terminating the Commodity Program in toto, and substituting in its place a Food Stamp Program, and

Whereas Indian leaders were not consulted on this change even though the Commodity Program is an integral and vital part of Indian life on the reservation, and

Whereas the Food Stamp Program is to be Federally administered through the Department of Agriculture which in turn will delegate authority to the various State Governments for purposes of hopefully, getting the stamps to the needy individuals and families, and

Whereas it is the United States Department of Agriculture's position that only state agencies can handle, administer and distribute the food stamps, and

Whereas the North Dakota Department of Social Services, through its representatives have declared it their policy not to administer the Food Stamp Program on Indian Reservations, and in effect, ignoring Federal mandate with the potential result that Indians living on North Dakota reservations as of July 1, 1974, will be without commodities; and also, will be without the benefit of the Food Stamp Program because of the unilateral, arbitrary, capricious, unfounded and inhumane stand taken by the North Dakota Department of Social Services, and also, because of the failure of Congress to provide in the 1973 Farm Bill Act for the implementation of the Food Stamp Program on Indian Reservations: Now, therefore, be it

*Resolved*, That Congress through its duly authorized representation amend the 1973 Farm Bill Act, so as to provide for the administration, handling and distribution of food stamps on the Indian reservations through the respective tribal governments or an agency such as the Bureau of Indian Affairs: and Further be it

*Resolved*, That Congress direct the Secretary of Agriculture, to forthwith, prepare and distribute regulations and guidelines for the implementation of the Food Stamp Program, with the advice and consent of the Tribal Governments affected so that the program will be ready by July 1, 1974, and

*That further*, If it is decided by Congress that the Food Stamp Program will in fact be administered by the respective tribal government, then in that event, Congress will provide 100 per cent funding for the respective tribal government for purposes of absorbing all administrative costs, and,

*That further*, Each Indian living on his or her respective reservation will be given the individual option to either use the existing Commodity Program or avail themselves of the Food Stamp Program, but not both.

#### CERTIFICATION

I, the undersigned Secretary of the United Tribes of North Dakota Development Corporation hereby certify that the said Corporation is composed of ten (10) members of whom 7 were present at a duly called and convened meeting; for which a quorum was present to hereby and adopt the foregoing resolution with an affirmative vote of 7; on this 14th day of December, 1973.

[SEAL]

JOSEPH MEYERS,  
Chairman, UTNDDC Board of Directors.

## ATTACHMENT E

NATIONAL CONGRESS OF AMERICAN INDIANS,  
Washington, D.C. January 17, 1974.

T. N. TANGEDAHL, *Executive Director,*  
*Department of Social Services,*  
*Capitol Building,*  
*Bismarck, N. Dak.*

DEAR MR. TANGEDAHL: At a meeting January 10, in Denver, sponsored by the National Congress of American Indians, it became clear that many states are experiencing problems implementing on Indian reservations the recent Congressional mandate to replace existing commodity distribution programs with food stamp programs. Lack of legal jurisdiction on reservations, shortage of administrative funds, and logistical problems were cited as some of the obstacles states meet in developing programs for many large, sparsely populated reservations.

NCAI sympathizes with state problems and believes that the Department of Agriculture in Washington, D.C., has a responsibility to offer alternative methods of food assistance delivery to the reservations. In the meantime, we are asking USDA to extend the transition period for the switchover to food stamps and to assure that commodities are not prematurely withdrawn from functioning programs.

To date USDA's response has been that individual states must make the case in their State Plans for delaying the switchover in any given area. Some State Plans received by USDA have presented just such an argument in the case of reservations within their boundaries. We will work to support those state positions and strongly believe that if other states were to amend their State Plans so as to delay the switchover on reservations, USDA would be forced to recognize the problem and develop alternative methods of food service delivery.

We are asking that your office consider making this kind of an amendment to your State Plan and that you accept any support or assistance from us that might help you argue your case. Please contact us if we can be of any help.

Would you also be kind enough to forward to us one copy of your State Plan and any documents pertaining to tribal participation in the development of plans for reservations.

Thank you in advance for your cooperation.

Sincerely,

CHARLES E. TRIMBLE,  
*Executive Director.*

## ATTACHMENT F

## HIGH COURT RULES NO TAXES ON RESERVATION INDIANS

[By Dave Bartel, Associated Press Writer]

The North Dakota Supreme Court has ruled Indians on the state's reservations cannot be required to pay state sales or income taxes.

"I have not read the ruling, but I am not at all surprised that it turned out this way," Dorgan said. "It has been a national trend on this whole question. I won't appeal further."

Thursday's ruling by the Supreme Court settles the dispute, Dorgan said. He added the tax department will begin immediately to put the ruling into effect. "We will begin to take steps to see that the edict of the court is carried out, and that all tax collections from Indians on reservations are suspended," Dorgan said.

A series of public meetings will be scheduled within the next two weeks to inform Indians and reservation merchants of the ruling's effect.

"We had anticipated that the court would rule this way, so we have already drafted a set of guidelines for merchants," Dorgan said. "This still will pose tremendous difficulties for retailers."

Upon the ruling, Indian merchants on reservations will not have to collect state taxes. Non-Indian merchants must still have the state tax permits, but cannot collect taxes from Indian customers, Dorgan said.

Problems with income taxes will not be as complex, the tax commissioner said.

"The sales tax is the big problem. We've had very little compliance with the income tax anyway, so it won't pose the difficulties the sales tax does," Dorgan said.

One of the problems, he added, may be the creation of tax havens on the five Indian reservations that can be used by non-Indians.

"We're going to create tax havens," Dorgan said. "An Indian can establish a business and sell combines or tractors without collecting the sales tax."

Reservation merchants will hold a competitive advantage over the state's other business because of the tax vacuum, he said.

"When you're talking about a \$10,000 tractor, you're talking about a \$400 competitive edge, because that 4 per cent sales tax isn't collected," the tax commissioner said.

The Supreme Court ruling also sets a precedent that may eventually wipe out all state taxes on Indian reservations, including taxes on gasoline, liquor or oleomargarine, Dorgan said.

In a single ruling on four separate cases, the high court Thursday struck down application of state laws to Indians.

In the ruling the court declared that acts of Congress and U.S. Supreme Court rulings leave "no room for the states to legislate on the subject."

The four court cases were initiated last year by residents of the Standing Rock Indian Reservation against State Tax Commissioner Byron Dorgan to test state tax authority.

Dorgan and the reservation's tribal council had agreed on the cases as a means of ending a long-standing dispute over state jurisdiction over reservation Indians.

In deciding the cases, the Supreme Court ruled that the state cannot impose income tax on Indians living on the Standing Rock reservation, whose income is earned on the reservation.

The court also ruled that business done on the reservation with reservation Indians is immune from state sales tax.

The North Dakota court cited a U.S. Supreme Court ruling on sales tax collections from Indians in Arizona. The ruling states:

"Since federal legislation has left the state no duties or responsibilities respecting the reservation Indians, we cannot believe that Congress intended to leave to the state the privilege of levying this tax."

The North Dakota ruling, which was written by Chief Justice Alvin Strutz before his death, also cites federal law which prescribes procedures for state jurisdiction on Indian reservations.

"It now is well settled that the state has no power over the conduct of Indians in Indian country," the ruling states. "Although methods by which Indians may accept jurisdiction of state courts have been provided by federal and state law, such jurisdiction has not, in fact, been accepted by Indians on any North Dakota reservation."

After learning of the ruling, Dorgan said he believed the decision would determine the state's tax policies on all five of the North Dakota reservations. He said he would not appeal the cases to federal courts.

#### ATTACHMENT G

ALLEN I. OLSON, ATTORNEY GENERAL,  
STATE OF NORTH DAKOTA,  
Bismarck, N. Dak., April 27, 1973.

Mr. T. N. TANGEDAHL, ACSW  
Executive Director,  
Department of Social Services,  
State Capitol,  
Bismarck, N. Dak.

DEAR MR. TANGEDAHL: This is in response to your letter of April 24, 1973, requesting an opinion as to the authority of the Social Service Board of North Dakota to enforce pertinent state statutes and rules and regulations promulgated by the Social Service Board relative to the operation of the Family Development Center on the Devils Lake Sioux Indian Reservation.

You inform us that a Family Development Center is being operated by the Devils Lake Sioux Tribal Council. This Center has been supported by child welfare research grants from HEW directly to the Tribal Council for a total of \$207,000.00 for three years ending June 30, 1973.

The Denver Regional Office of HEW advises that the child welfare research grant cannot be renewed after June 30, 1973. They have requested the Social Service Board of North Dakota to continue this Family Development Center

through the Devils Lake Human Resource Center Section 1115 Project. The Social Service Board is directly accountable for the disbursement of all of these project funds.

This would entail the receipt of the money for the Family Development Center and the disbursement thereof through the Tribal Council. In view of the accountability of the money created by this arrangement, it would be incumbent on the Social Service Board of North Dakota to establish rules and regulations for the management of this Family Development Center relative to the disbursement of moneys therefor.

The basic principle involved is that the State of North Dakota, its departments and agencies, do not have jurisdiction over Indians in the Indian country.

It would thus be our opinion that your Department does not have authority to enforce any of the pertinent statutes of North Dakota or rules or regulations promulgated by the Social Service Board for the management and operation of the Family Development Center operated by the Devils Lake Sioux Tribal Council under funds which would be disbursed to them by the Social Service Board of North Dakota through the Devils Lake Human Resource Center Section 1115 Project.

We trust the within and foregoing will be sufficient for your purposes.

Sincerely yours,

ALLEN I. OLSON,  
*Attorney General.*

ATTACHMENT H

DISTRICT COURT CHAMBERS,  
*Devils Lake, N. Dak., February 7, 1974.*

Mr. JOHN B. HART,  
*State's Attorney*  
*Belle, N. Dak.*

DEAR MR. HART: Receipt is acknowledged of a photocopy of your memorandum relative to my position on Indian jurisdiction, especially relating to reciprocal enforcement of support.

I do not agree with your summary of my position on these matters. The following represents my views:

1. Where both the responsible parent and the beneficiary reside on the reservation, and there has been no acceptance of State jurisdiction, the State has no jurisdiction;
2. Where the beneficiary resides on the reservation, and the responsible parent off, in the absence of an acceptance of State jurisdiction by the beneficiary, the State has no jurisdiction;
3. Where the beneficiary resides off the reservation, and the responsible parent on and has not accepted State jurisdiction, the State does not have jurisdiction;
4. Where both reside on the reservation and both have accepted State jurisdiction, the State has jurisdiction;
5. Where the beneficiary resides on the reservation and has accepted State jurisdiction, and the responsible parent off, the State has jurisdiction. This, however, poses some exceptions in that the responsible parent may be residing off the reservation but still residing on federal property, i.e. Wahpeton Indian School or the like, and in this type of instance I will not exercise jurisdiction. The same ruling will be made if absence from the reservation is temporary for some purpose such as having a child or Children's Village or other hospital.

Generally speaking, the party petitioning for reciprocal enforcement of support must either have accepted residency or must have lived off the reservation long enough to establish residence, whatever that period may be. I am not so concerned about a responsible parent living off the reservation since this is a defense he properly should raise, and defenses should not be anticipated.

Insofar as the County concerned, this entity has only the rights of the beneficiary, whatever these may be.

It has also been a ruling of this Court, that even if an Indian is a resident of the reservation, and individually has accepted State Jurisdiction; and if State jurisdiction is questioned, that since the tribe has not accepted State jurisdiction, thereby this court has no jurisdiction.

It is hoped that the above will clarify my views on Indian jurisdiction, particularly with respect to reciprocal support proceedings.

Very truly yours,

DOUGLAS B. HEEN,  
*District Judge.*

ATTACHMENT I

TABLE 1.—ESTIMATES OF INDIAN POPULATION ON OR ADJACENT TO FEDERAL RESERVATIONS. TOTAL AND SELECTED STATES, MARCH 1970

State	Population
Total .....	478, 000
Arizona .....	115, 000
Oklahoma <sup>1</sup> .....	81, 000
New Mexico .....	77, 000
Alaska <sup>2</sup> .....	57, 000
South Dakota .....	30, 000
Montana .....	23, 000
Washington .....	16, 000
North Dakota .....	14, 000
Minnesota .....	11, 000
All other States .....	54, 000
Resident Indian population of other States based on an 1967 estimate:	
Wisconsin .....	4, 800
Idaho .....	4, 700
New York .....	4, 000
Mississippi .....	4, 000
Wyoming .....	3, 900
Nevada .....	3, 000
Oregon .....	3, 000
California .....	2, 400
Nebraska .....	2, 300
Maine .....	1, 700
Utah <sup>3</sup> .....	1, 600
Colorado .....	1, 500
Florida .....	1, 200
Kansas .....	1, 100
Michigan .....	1, 000
Iowa .....	500
Louisiana .....	300
Total .....	41, 000
North Carolina <sup>4</sup> .....	31, 000

<sup>1</sup> Includes former reservation areas in Oklahoma.

<sup>2</sup> Includes all Indians and Alaskan Natives.

<sup>3</sup> Plus Navaho.

<sup>4</sup> Includes some in South Carolina.

Source: Bureau of Indian Affairs.

ATTACHMENT J

[Bureau of Indian Affairs news release, December 7, 1973]

MORRIS THOMPSON, BIA HEAD, ADDRESSES INDIAN TRIBAL CHAIRMEN

Commissioner of Indian Affairs Morris Thompson pointed yesterday to this Administration's "solid record of achievement" in achieving restorations of land to Indian tribes in an address to the National Tribal Chairmen's Association in Phoenix, Ariz., December 6.

The National Tribal Chairmen's Association, which includes the heads of each American Indian tribe recognized by the United States government and entitled to services of the Bureau of Indian Affairs, is holding its annual meeting in Phoenix December 5-8.

"Native Americans have received increasingly large restorations of land," he said. He cited return of 48,000 acres of land to the Taos Pueblo in New Mexico, 21,000 acres of land including part of Mount Adams to the Yakima Tribe in the State of Washington, and 40,000,000 acres of land that will go to Alaska Natives in the State of Alaska under the Alaska Native Claims Settlement Act.

"Still pending in the Congress, in varying stages of progress but not yet enacted into law are seven pieces of Indian legislation," he continued. "One of my jobs will be to push hard for the passage of these bills. If they were all

passed next week, we would be further ahead in self-determination than we have been in 150 years.

"As a matter of fact, we propose to enlist the help of Congressional leaders in getting this legislation through the mill—as a Bicentennial present to our Nation's first Americans," he told the leaders of the American Indian tribes of this country.

He told the group that assembled to hear his talk: "In a nutshell, here is the Federal Government's policy today: it offers self-determination and self-government to Indian people as rapidly as Indians want it and can assume responsibility for it. In other words, tribes have the option of assuming control of their own Federal programs whenever they wish to do so. Furthermore, they will not be cut off from Federal support; they need only demonstrate strong and responsible tribal government and the ability to handle programs on their own."

Senator YOUNG. Is Mr. Roland Kennerly here, the chairman of the Montana Tribal Policy Board?

If he has a statement that will be placed in the record.

This meeting will be adjourned subject to the call of the Chair. And the record will be held open for 10 days.

[Whereupon, at 12:25 p.m., the subcommittee was adjourned, subject to the call of the Chair.]

[Additional statements for the record follow:]

U.S. SENATE,  
COMMITTEE ON AGRICULTURE AND FORESTRY,  
*Washington, D.C., May 2, 1974.*

HON. LEE METCALF,  
*U.S. Senate,  
Russell Senate Office Building,  
Washington, D.C.*

DEAR LEE: Thank you for sending me a copy of the letter you received from officials of the Montana State Department of Health and Environmental Sciences concerning the WIC program.

I am happy to advise you that on yesterday the full Senate Committee on Agriculture and Forestry cleared a bill to extend the program. Be this as it may, I shall be glad to make the letter you sent me from Dr. Kairys and Ms. Johnson a part of the printed record of the hearings on this legislation.

With kindest regards, I am,  
Sincerely,

JAMES B. ALLEN.

DEPARTMENT OF HEALTH AND ENVIRONMENTAL SCIENCES,  
STATE OF MONTANA,  
*Helena, Mont., April 11, 1974.*

HON. LEE METCALF,  
*U.S. Senate,  
Senate Office Building,  
Washington, D.C.*

DEAR SENATOR METCALF: As State Project Director for the Special Supplemental Feeding Program for Women, Infants and Children, WIC, I am very concerned about the lack of adequate federal funding for extension of our current WIC Program and equally important for expansion into other areas in the state.

WIC (Public Law 92-433) is a new federal program through the Food and Nutrition Service of the United States Department of Agriculture. The Food and Nutrition Service provides cash grants to state health departments to make supplemental foods available to pregnant and lactating women, infants and children through three years of age. WIC is a nutrition program coordinated with health care through a local health agency. The nutritious WIC foods contain nutrients often lacking in the diets of high risk individuals.

Currently, the Montana State Department of Health and Environmental Sciences has \$133,000 for one WIC Project implemented through Indian Health Services on the Fort Peck and Northern Cheyenne Indian Reservations.

The current Montana WIC Projects are functioning at a high level. In one clinic site, there is over 105% of the projected participation.

We would like to expand the program to county levels in developing a statewide WIC plan. Many states have done this already: Arizona, Louisiana, Washington, California, etc.

The current federal funding level for WIC allowed forty million dollars for each fiscal year 1974 and 1975. However, the WIC Program did not get started until half of fiscal year 1974 was over; yet, forty million dollars was spent. At least eighty million dollars then is needed for fiscal year 1975 just to maintain current WIC Programs in the United States. This does not allow for any expansion. (Funding Summary for WIC is enclosed.)

It is my understanding that there will be a hearing after the Easter recess on the WIC Program in the Senate Subcommittee on Agriculture, Environment and Consumer Protection. Additionally, I understand that Senators McGovern and Humphrey are each drafting a bill to extend the WIC Program through an increase in the level of funding.

We would appreciate your fullest support for extension of current projects and expansion of the Special Supplemental Feeding Program for Women, Infants and Children. Meanwhile, we shall pursue program planning to bring the WIC Program to the local county level. Hopefully, then we will be fully geared to start in the event funds are forthcoming.

With kind regards, I am,

Sincerely,

Ms. CONNIE J. JOHNSON, RD, MPH,  
*Nutrition Consultant, State WIC Program Director,*  
*Maternal and Child Health Bureau.*

STEVEN KAIRYS, M.D.,  
*Chief, Maternal and Child Health Bureau,*  
*Montana State Department of Health and Environmental Sciences*

[From the Federal Register, Wednesday, July 11, 1973]

#### Title 7—Agriculture

### CHAPTER II—FOOD AND NUTRITION SERVICE, DEPARTMENT OF AGRICULTURE

#### SUBCHAPTER A—SCHOOL LUNCH PROGRAM

#### PART 246—SPECIAL SUPPLEMENTAL FOOD PROGRAM FOR WOMEN, INFANTS AND CHILDREN

Pursuant to the authority contained in the Child Nutrition Act of 1966, as amended (42 U.S.C. 1771 et seq.) regulations for the operation of the Special Supplemental Food Program for Women, Infants and Children are hereby issued.

Public Law 92-433, approved September 26, 1972, added a new section 17 to the Child Nutrition Act of 1966 (86 Stat. 729). This section authorized the establishment of a Special Supplemental Food Program. The Department has chosen to call this the Special Supplemental Food Program for Women, Infants and Children (WIC program) to prevent confusion with the supplemental food program which is currently being operated as an adjunct of the Food Distribution Program (7 CFR 250.14).

The WIC program is established on a pilot basis through June 30, 1974. Although the WIC program will supply nutritious foods to participants, a major object of the program is the collection and evaluation of data which will medically identify benefits of this food intervention program. In addition, data will be collected and analyzed to measure the administrative efficiencies of various methods of making food available to participants.

To achieve the maximum amount of information in a minimum period of time, the Department is encouraging diversity in the design and operation of the WIC program in individual localities. A minimum number of requirements are imposed. Local health clinics are required to demonstrate that they serve low income populations considered to be at nutritional risk and that they have the necessary facilities and other resources to effectively carry out the WIC program. State departments of health (by whatever name identified) must accept the responsibility for the system of making foods available to participants and for supervising all participating health clinics in the State.

Interested health clinics must apply to their State department of health but FNS will select those which will participate in the WIC program. The criteria

for selection fall in two general categories: Demonstrated need for the program and the ability to meet program objectives.

Pregnant or lactating women, infants and children under age four are eligible to participate if they live in an approved low income area served by an approved health clinic, are eligible for reduced cost medical treatment from that clinic and are determined by professionals on the staff of the clinic to need the supplemental foods.

The Department has prescribed the foods and the maximum monthly quantities of each food which are to be made available to participating individuals. These foods are intended to supplement the regular diet of participants—not to be a complete diet in themselves. However, they are nutritious and are especially high in those nutrients known to be lacking in diets of people who are eligible for WIC program.

Infants can receive over 100 percent of the Recommended Dietary Allowances (RDA) of the National Research Council of the National Academy of Sciences for protein, calcium, iron and Vitamin C and about 90 percent of the RDA for Vitamin A from the authorized supplemental foods. Calories will also be fully supplied up to about age 3 months and will be about three-fourths of RDA thereafter. Children one year of age, but less than four years of age can receive more than 100 percent of RDA for protein, calcium, iron, and Vitamins A and C, and about two-thirds for calories. Pregnant or lactating women can receive about one-fourth of RDA for calories and between 60 percent to over 100 percent of RDA for the nutrients mentioned above.

It is the policy of the Department to publish a notice of proposed rulemaking and afford interested persons 30 days to submit comments before final rules and regulations are formulated for Food and Nutrition Service Programs. However, in view of the need for issuing final regulations for the WIC program on or before July 6, 1973, as ordered by the U.S. District Court for the District of Columbia on June 20, 1973, it is hereby determined that it is impractical, unnecessary and contrary to the public interest to give notice of proposed rulemaking. Although public comment was not solicited, these regulations were formulated after discussions with members of the Department of Health, Education and Welfare and with medical consultants.

Applications for participation in the pilot WIC program will be accepted immediately. Any inquiries should be directed to the appropriate FNS Regional Office listed in § 246.15 of this part.

Sec.

- 246.1 General purpose and scope.
- 246.2 Definitions.
- 246.3 Administrations.
- 246.4 Use of funds
- 246.5 Eligibility of local agencies.
- 246.6 Application by local agencies.
- 246.7 State agency action on applications.
- 246.8 Selection of local agencies.
- 249.9 Agreements.
- 246.10 Payments to States.
- 246.11 Records and reports.
- 246.12 Eligibility of persons.
- 246.13 Supplemental foods.
- 246.14 Fair hearing procedure.
- 246.15 Miscellaneous.

AUTHORITY: Sec. 10, 80 Stat. 889, as amended; sec. 9, 86 Stat. 729; 42 U.S.C. 1786.

#### § 246.1 General purpose and scope.

(a) This part announces the policies and prescribes the general regulations for a pilot Special Supplemental Food Program for Women, Infants and Children (WIC program). Under the WIC program the Department shall provide cash grants to the health department or comparable agency of a State to enable such agency to make nutritionally desirable foods available to pregnant or lactating women, infants and children through local public or nonprofit private health agencies. The WIC program shall operate through June 30, 1974, in selected States and areas.

(b) The Department shall also collect data to evaluate the effect of food intervention upon population which are at nutritional risk. Further, the Department

shall evaluate WIC program operations for administrative effectiveness and efficiency.

### § 246.2 Definitions.

For the purposes of this part and of all contracts, instruction, forms, and other documents related hereto, the term:

- (a) "Adequate medical records" means those records listed under § 246.11(d).
- (b) "Administrative costs" means all costs, except expenditures for food, directly attributable to WIC program operations and also means costs indirectly attributable to the WIC Program (those costs shared with other programs) if such costs are allocated under an approved cost allocation plan as described in the Office of Management and Budget Circular A-87.
- (c) "Birth weight" means weight of an infant in grams determined within two hours of birth.
- (d) "Children" means persons at least one year of age but less than four years of age.
- (e) "Competent professionals" means physicians, nutritionists, registered nurses, dietitians, or State or local medically trained health officials, or persons designated by physicians or State or local medically trained health officials as being competent professionally to evaluate nutritional risk.
- (f) "Department" means the United States Department of Agriculture.
- (g) "Designated evaluation visit" means a visit to the local agency during which participants selected in accordance with FNS instructions will complete the tests needed to obtain the information required for the FNS evaluation of the effect of food intervention.
- (h) "FNS" means the Food and Nutrition Service of the Department.
- (i) "FNSRO" means the appropriate Food and Nutrition Service Regional Office.
- (j) "Infants" means persons under one-year of age.
- (k) "Lactating women" means women for a period of six weeks post partum and also means women who are breast-feeding an infant.
- (l) "Local agency" means a health clinic which is operated by the State agency, a political subdivision of the State, or a private, nonprofit organization.
- (m) "Low birth weight" means a birth weight less than 2,500 grams.
- (n) "Low income" means an income below the poverty level as determined by the 1970 U.S. Census subject to annual revision for changes in the cost of living.
- (o) "Nutritional risk" means one or more of the following:
  - (1) For pregnant or lactating women—
    - (i) Known inadequate nutritional patterns;
    - (ii) High incidence of anemia;
    - (iii) High rates of prematurity or miscarriage; or
    - (iv) Inadequate patterns of growth (underweight, obesity, or stunting).
  - (2) For infants and children—
    - (i) Deficient patterns of growth (when compared to the standards for height and weight established by H. C. Stuart and published by Waldo E. Nelson, et al., in the Textbook of Pediatrics, 9th Edition, 1969, W. B. Saunders Co., Phila., Pa.); or
    - (ii) High incidence of nutritional anemia; or
    - (iii) Known inadequate nutritional patterns.
- (p) "Participants" means persons to whom food is made available under the WIC program.
- (q) "Pregnant women" means persons determined by competent professionals to have one or more fetuses *in utero*.
- (r) "Project area" means a geographic subdivision within a State determined by the local agency as the area to be served by the WIC program.
- (s) "Secretary" means the Secretary of the United States Department of Agriculture or his authorized representative.
- (t) "State" means any one of the 50 States, the District of Columbia, Puerto Rico, the Virgin Islands, Guam or American Samoa.
- (u) "State agency" means the State health department or comparable agency of the State government.
- (v) "Supplemental food" means any food authorized to be made available under the WIC program.
- (w) "WIC program" means the Special Supplemental Food Program for Women, Infants and Children authorized by section 17 of the Child Nutrition Act of 1966, as amended.

### § 246.3 Administration

(a) Within the Department, FNS shall act on behalf of the Department in administering the WIC program.

(b) Within the States, the State agency shall be responsible for the operation of the WIC program within the State. The State agency shall accept applications from local agencies which desire to participate in the WIC program. The State agency shall be responsible for the design and operation of the system for making supplemental foods available to participants, including adequate safeguards against misuse. The State agency shall be responsible for forwarding to FNSRO those applications from local agencies which demonstrate the capability of operating under the WIC program in accordance with this part and all instructions issued hereinunder. The State agency shall monitor all program activities by local agencies and shall promptly notify FNSRO of any problems, program irregularities or illegal activity discovered thereby. The State agency shall account to FNSRO for all funds granted under the WIC program and shall be responsible for allocating the funds available for administrative costs between the State agency and local agencies.

### § 246.4 Use of funds

(a) Federal funds made available to any State agency for the WIC program shall be used by the State agency or by local agencies either to purchase supplemental foods for participants or to redeem vouchers issued for that purpose, except that an amount not to exceed 10 per centum of the total funds so made available may be used for State and local agency administrative costs.

(b) The use of funds for administrative costs shall be subject to the following conditions:

(1) Applicant local agencies and State agencies shall submit budgets for administrative costs with the WIC program applications;

(2) The formula, if any, for allocating these funds between the State agency and local agencies shall be determined by the State agency;

(3) The aggregated administrative costs of the State agency and all local agencies shall not exceed 10 per centum of the total amount of the WIC program funds made available to the State agency.

(c) Funds shall not be used for any purposes by or on behalf of a local agency until a WIC program agreement has been completed between the State agency and such local agency.

(d) Upon demand by FNS, the State agency shall promptly return to FNS any funds which have not been used for WIC program.

### § 246.5 Eligibility of local agencies

A local agency is eligible to apply for participation in the WIC program if:

(a) It provides health services to residents of an area in which a substantial proportion of the persons have low incomes;

(b) It serves a population of women, infants or children which is at nutritional risk;

(c) Its staff includes competent professionals who interview or examine persons receiving health services;

(d) It has the personnel and expertise, and its facilities include the equipment necessary for performing the measurements, tests and data collection specified by FNS for the WIC program; and

(e) It maintains or is able to maintain adequate medical records.

### § 246.6 Application by local agencies

Any eligible local agency interested in participating in the WIC program shall file a written application with its State agency. Applications need not be in any particular form, unless otherwise required by the State agency, but must include the following:

(a) The name, address and telephone number of the health clinic; the name of the official who shall be responsible for supervising WIC program operations at the local level; the name and address of the organization which sponsors the health clinic, if any, and the sources of funding for the health clinic. A private nonprofit organization must also include the number of the certificate issued by the Internal Revenue Service granting tax-exempt status.

(b) The types and numbers of competent professionals on the staff, by field of specialization, who will examine or interview persons to determine eligibility for the WIC program.

(c) The types of health services offered by the health clinic to pregnant or lactating women, infants and children; and a brief description of the financial, residential and other socio-economic criteria applied to determine the eligibility of such individuals for each type of health service, including treatment.

(d) Description of type of laboratory facilities available and a statement indicating whether or not blood, serum or plasma can be processed for transportation to a designee of FNS.

(e) A list specifying which of the following data are presently maintained on pregnant or lactating women, infants and children: height; weight; head circumference (infants only); hemoglobin; hematocrit; serum or plasma concentrations of iron, albumin, vitamin A, and ascorbic acid; and percent saturation of transferrin. Also, indicate any other laboratory tests routinely performed and any other pertinent medical data routinely recorded.

(f) The boundaries of the geographic subdivision which the local agency proposes as the project area.

(g) An estimate of the total population of the proposed project area.

(h) Data showing the percentage of the population of the proposed project area with low incomes and any other significant information on economic conditions affecting the proposed project area.

(i) Data which indicates the rate of nutritional risk within the proposed project area including information such as the incidence of nutritional anemia the number and rate of pregnancies, especially teenage pregnancies; the incidences of prematurity and miscarriage, the percent of low birth weight infants, infant morbidity and mortality rates and the incidence of any additional health problems known to exist among women, infants and children in the proposed project area.

(j) An estimate of the number of pregnant or lactating women, infants, or children which the local agency expects to serve monthly under the WIC program with an indication of the racial and ethnic composition of the expected participants.

(k) A brief description of the method which the local agency recommends to the State agency for making supplemental foods available to expected participants.

(l) A description of any feeding program of a similar nature which is already in operation. Include number of participants served by age group or other category, costs and items of food provided, delivery system used, administrative costs, and an explanation of the expected relationship between the current program and the WIC program.

(m) The estimated monthly cost of purchasing supplemental foods for expected participants and a brief description of the estimating techniques employed to calculate this figure.

(n) The estimated monthly administrative costs of the health clinic by general type of expenditure, a brief justification for each such budgeted expenditure and, if the total administrative costs exceed the funds which will be made available for such costs, the sources and amounts from each source which shall be used to fund such costs.

(o) A statement that the information furnished in the application is true and accurate to the knowledge of the signer.

(p) The signature of the official in the local agency who shall be responsible for supervising local WIC program operations.

#### § 246.7 State agency action on applications

(a) The State agency shall transmit to FNSRO each application from a health clinic which demonstrates the capability of operating under the WIC program. The transmittal shall include the following information:

(1) The name and address of the State agency and the name and telephone number of the person within the State agency who shall be responsible for the WIC program;

(2) A listing of the WIC program operation duties to be performed by the State agency and those to be performed by the local agency;

(3) A description of the techniques which shall be used to monitor the activities of the local agency and the frequency with which they shall be employed;

(4) The estimated administrative costs of the State agency and a brief justification for each of the budgeted expenditures;

(5) If the 10 per centum of the WIC program budget which may be used for administrative costs are to be divided between the State agency and local agency, specify the method by which these funds shall be allocated;

(6) If estimated administrative costs exceed 10 per centum of the estimated total WIC program budget, including such administrative costs, the source of additional funds above the 10 per centum shall be specified and the amounts to be provided by each source shall be indicated;

(7) A description of the method or delivery system selected by the State agency for making supplemental foods available to participants;

(8) A description of any activities which shall be carried out as an adjunct of or concomitant to the WIC program (for example, any nutrition education effort) and such activities shall be separately identified in the budget;

(9) Any other information which the State agency wishes to include; and

(10) The signature of the official in the State agency who shall be responsible for all WIC program operations within the State.

(b) The State agency shall promptly notify in writing each local agency whose application is not transmitted to FNSRO of the reasons therefor.

#### § 246.8 Selection of local agencies.

(a) *General.* FNS shall select local agencies for participation in the WIC program on the basis of information contained in each application and in the accompanying transmittal of the State agency. Each application and the accompanying transmittal shall be thoroughly appraised and, for the initial selection, shall be ranked among all applications received by FNSRO as of August 15, 1973. Local agencies shall be selected which, in the judgment of FNS, are most suited to the accomplishment of the purposes of this part. The number of local agencies selected shall be dependent upon the funds available to FNS.

(b) *Criteria for selection.* In selecting local agencies for participation in the WIC program, FNS shall consider:

(1) The severity of nutritional risk and other health problems which affect residents of the proposed project area;

(2) The percentage of residents in the proposed project area with low incomes and other factors which could affect the ability of such residents to secure adequate nutrition;

(3) The number of expected participants in each category of eligible persons and any demographic characteristics which could affect the WIC program evaluation;

(4) The expertise which the health clinic has in conducting necessary anthropometric measurements in performing hemoglobin tests, and in processing blood serum, or plasma, for transportation to a designee of FNS.

(5) The experience of the health clinic with similar feeding programs and the expertise of its staff in managing programs in addition to the normal health care programs.

(6) The feasibility of the proposed method of making food available to participants, the acceptability of the monitoring system, and the utility of both systems for program evaluation;

(7) The adequacy and suitability of the manner in which grant funds will be handled and administered and program activities monitored by the State agency.

(c) *Notification.* Each State agency shall be notified in writing by FNS of the action taken on each application transmitted by that State agency. The notification shall list the amount of funds which FNS shall make available to the State agency. In addition, FNS shall publicly announce all selected local agencies and the amount of funds made available to each State agency.

#### § 246.9 Agreements.

(3) The State agency shall enter into a written agreement with the Department before any funds are made available by FNS under this part. The agreement shall incorporate, by reference or otherwise, the terms and conditions set forth in this part. The agreement shall be executed by the appropriate State agency official and by the Administrator of FNSRO on behalf of the Department. The original and two copies of the agreement shall be forwarded to FNS. The agreement shall include:

(1) *Opening statement.* An expression of the willingness of the State agency to administer the WIC program until June 30, 1974.

(2) *Identification.* The name of the State agency charged with primary responsibility for the WIC program.

(3) *Applications.* An assurance that the WIC program shall be operated only by local agencies selected by FNS and that such operations shall conform to the methods stated in applications and transmittals which were approved by FNS.

(4) *Records.* An assurance that all required records shall be maintained and retained in accordance with the requirements of this part and shall be made available as required by this part.

(5) *Reports.* An agreement to submit to FNS on a regular and timely basis any reports, including a report of expenditures, as required by this part and any instructions issued hereunder.

(6) *Safeguards of information.* An affirmation that information concerning individual participants will be released only to persons directly connected with the WIC program.

(7) *Public information.* A statement that WIC program regulations, instructions, and other documents which do not pertain to individual participants shall be made available to the public upon request.

(8) *Nondiscrimination.* An assurance that the State agency shall comply with the requirements of the Department's regulations respecting nondiscrimination (Part 15 of this title) to the end that no person shall, on the ground of race, color or national origin, be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination under the WIC program and a further assurance that no person shall be subjected to any discrimination under the WIC program because of creed, political beliefs or sex.

(9) *Fair hearing.* An assurance that persons aggrieved by any determination of a local agency shall be afforded a prompt opportunity for a fair hearing as specified in this part.

(10) *Program promotion.* A guarantee of assistance to the Department in its efforts towards WIC program promotion and nutrition education.

(11) *Compliance.* An agreement to comply with the provisions of this part and the instructions issued hereunder including the requirement that WIC program funds be withdrawn from a Federal Reserve Bank only in amounts necessary to meet actual current disbursement needs.

(12) *Miscellaneous.* Any additional provisions that are required by law or may be necessary for WIC program administration, operation or evaluation.

(b) The State agency shall enter into an agreement with each local agency in the State selected for participation in the WIC program. The agreement shall be in writing and shall contain such terms as the State agency deems necessary to insure that:

(1) The local agency operates in conformity with the methods stated in the application and transmittal which were approved by FNS;

(2) The actions of the local agency will be in accordance with this part; and

(3) Data will be collected by the local agency and made available as required this part.

#### § 246.10 Payments to States.

FNS will issue a Letter of Credit to the appropriate Federal Reserve Bank in favor of each State agency having an agreement with the Department under this part to administer the WIC program. The State agency shall obtain funds needed through presentation by designated officials of a Payment Voucher on Letter of Credit to a local commercial bank for transmission to the appropriate Federal Reserve Bank, in accordance with procedures prescribed by FNS and approved by the U.S. Treasury Department. Withdrawals (advances) against the Letter of Credit shall be made only in amounts necessary to meet actual current disbursement needs. The advanced funds shall be used without delay to pay the currently approved costs. Advances made by the State agency to local agencies shall conform to the same standards of timing and amount as apply to advances by FNS to the State agency.

#### § 246.11 Records and reports.

(a) *General.* All records relating to the WIC program shall be retained for three years following the end of the applicable Federal fiscal year or the termination of the program, whichever is sooner. However, the Department may, by written notice, require retention of any records deemed by it to be necessary for resolution of an audit or of any litigation. If the Department deems any of the

program records to be of historical interest, it may require the State or local agency to forward such records to the Department whenever such agency is disposing of them. All food records, fiscal records and medical records shall be available during normal business hours for representatives of the Department and of the General Accounting Office of the United States to inspect, audit and copy, provided that medical case records of individual participants shall remain confidential.

(b) *Financial records.* Each State and local agency shall keep complete and accurate records of all amounts received and disbursed for the WIC program. All of the cost allocation data shall also be maintained.

(c) *Food records.* Each local agency shall keep a file of the food authorizations issued each month to each participant. If a local agency actually dispenses food to participants, the agency shall keep accurate and complete records of the receipt, disposal and inventory of such foods.

(d) *Medical records.* The local agency shall record during each designated evaluation visit, at a minimum, the following data: height (first visit only for pregnant or lactating women); weight, head circumference (infants only); and hemoglobin determinations. In addition, the following information is to be recorded at the local agency after delivery of an infant: The duration of the pregnancy and birth weight of the infant. If birth weight is not determined within two hours of delivery, the weight in grams may be determined within 5 days, but the interval between birth and weighing must be specifically noted. It may also be required at each designated evaluation visit that blood be drawn and processed for transportation to a designee of FNS.

(e) *Reports.* State agencies and local agencies shall submit monthly reports on forms specified by FNS. Such reports shall be submitted on or before the 20th of the month following the month for which data are reported. Reports shall be mailed in accordance with instructions from FNS. Reports shall concern the use of funds received under this part, the participation in the WIC program, and the data necessary to permit evaluation of administrative performance and of the effect of food intervention upon participants.

#### § 246.12 Eligibility of persons.

Pregnant or lactating women, infants and children shall be eligible for the WIC program if:

- (a) They reside in an approved project area;
- (b) They are eligible for treatment at less than the full charge customarily made for such services by the local agency which serves the project area wherein they reside; and
- (c) They are determined by a competent professional on the staff of the local agency to need the supplemental foods described in § 246.13.

#### § 246.13 Supplemental foods.

(a) The following kinds and specifications of foods shall be available under the WIC program:

- (1) For infants:
  - (i) Iron fortified infant formula with at least 10 milligrams of iron per liter of formula at standard dilution (which supplies 67 kilocalories per 100 milliliters, i.e., 20 kilocalories per fluid ounce).

#### *Substitute*

Whole fluid milk fortified with 400 International Units of Vitamin D per quart, or evaporated milk fortified with 400 International Units of Vitamin D per reconstituted quart, may be substituted for iron fortified infant formula for infants after six months of age.

(ii) Infant cereal which contains a minimum of 90 milligrams of iron per 100 grams of dry cereal.

(iii) Fruit juice which contains at least 30 milligrams of vitamin C per 100 milliliter.

(2) For children and pregnant or lactating women:

(i) Whole fluid milk fortified with 400 International Units of Vitamin D per quart; or evaporated milk; or skim milk, low fat milk or non-fat dry milk. All milk products other than whole fluid milk must be fortified with 400 International Units of vitamin D and at least 1500 International Units of vitamin A per fluid quart.

(ii) Cereal (hot or cold) which contains a minimum of 30 milligrams of iron per 100 grams of dry cereal.

(iii) Fruit or vegetable juice, or both, which contains a minimum of 30 milligrams of vitamin C per 100 milliliters.

- (iv) Cheese (natural cheddar or pasteurized processed American).  
 (v) Eggs.  
 (b) Supplemental foods shall be made available in amounts up to the following maximum quantities:

Foods	Units <sup>1</sup>	Maximum number of units per month		
		Infants	Children & Pregnant Women	Lactating
Iron fortified infant formula.....	13-fluid-ounce can of conc. liquid. <sup>2</sup>	31.....		
Whole fluid milk.....	Fluid quart.....	(3) 31.....		
Evaporated milk.....	13-fluid-ounce can.....		May be substituted for whole fluid milk at the rate of 1 can per quart of whole fluid milk.	
Skim or low fat milk.....	Fluid quart.....		May be substituted for whole fluid milk on a quart-for-quart basis.	
Nonfat dry milk.....	4-lb. package.....		1 package may be substituted for each 20 qts of whole fluid milk.	
Cheese.....	Pound.....		May be substituted for whole fluid milk at the rate of 1 lb per 3 quarts.	
Eggs.....	Dozen.....		2½. <sup>4</sup>	
Infant cereal.....	8-oz package.....	3.....		
Cereals (hot or cold).....	8-oz package.....		4.....	
Juice, single strength.....	46-fluid ounce can. <sup>5</sup>	2 <sup>6</sup> .....	6.....	

<sup>1</sup> Different size units may be made available provided that the total volume or weight per month remains the same.  
<sup>2</sup> Dry or ready-to-use forms may be made available in equivalent amounts.

<sup>3</sup> May be substituted for formula beginning at age 6 mos at the rate of 1 qt per can of concentrated formula.

<sup>4</sup> An equivalent amount of dried egg mix (2 lbs) may be substituted.

<sup>5</sup> Frozen, concentrated fruit juices may be made available in 12-oz cans at the same rate or in an equivalent volume in other size cans.

<sup>6</sup> 15 4-oz cans of infant juices may be substituted.

#### § 246.14 Fair hearing procedure

Each State agency participating in the WIC program shall establish a hearing procedure under which a person or his or her parent or guardian can appeal from a decision made by the local agency respecting the eligibility of such person for supplemental foods. Such hearing procedure shall provide:

- (a) A simple, publicly announced method for a person to make an oral or written request for a hearing;
- (b) An opportunity for the person to be assisted or represented by an attorney or other person in presenting the appeal;
- (c) An opportunity to examine, prior to and during the hearing, the documents and records presented to support the decision under appeal;
- (d) That the hearing shall be held with reasonable promptness and convenience to the person and that adequate notice shall be given to the person as to the time and place of the hearing;
- (e) An opportunity for the person to present oral or documentary evidence and arguments supporting his or her position without undue interference;
- (f) An opportunity for the person to question or refute any testimony or other evidence and to confront and cross-examine any adverse witnesses;
- (g) That the hearing shall be conducted and the decision made by a hearing official who did not participate in making the decision under appeal;
- (h) That the decision of the hearing official shall be based on the oral and documentary evidence presented at the hearing and made a part of the hearing record;
- (i) That the person and any designated representative shall be notified in writing of the decision of the hearing official;
- (j) That a written record shall be prepared with respect to each hearing, which shall include the decision under appeal, any documentary evidence and a summary of any oral testimony presented at the hearing, the decision of the hearing official, including the reasons therefor, and a copy of the notification to the family of the decision of the hearing official; and
- (k) That such written record of each hearing shall be preserved for a period of 3 years and shall be available for examination by the person's representative at any reasonable time and place during such period.

#### § 246.15 Miscellaneous

- (a) Any State agency or any local agency may be disqualified from future participation if it fails to comply with the provisions of this part and its agreement with the Department or the State agency. This does not preclude the possibility of other action being taken through other means available where neces-

sary, including prosecution for fraud under applicable Federal statutes. If FNS determines that any part of the money received by a State agency, or food purchased or vouchers redeemed with WIC program funds were, through State agency or local agency negligence or fraud, misused or otherwise diverted from the WIC program purposes, the State agency shall, on demand by FNS, pay to FNS a sum equal to the amount of the money or the value of the food or vouchers so misused or diverted. Further, if FNS determines that any part of the money received by a State agency, or food purchased or vouchers redeemed with WIC program funds, were lost as a result of thefts, embezzlements, or unexplained causes, the State agency shall, on demand by FNS, pay to FNS a sum equal to the amount of the money or the value of the food or vouchers so lost. The State agency shall have full opportunity to submit evidence, explanation or information concerning alleged instances of noncompliance or diversion before a final determination is made in such cases.

(b) Requests for information or assistance on the WIC program and all applications, transmittals, agreements or other documents required by this part shall be sent to the FNSRO serving the State as listed below:

(1) Connecticut, Delaware, District of Columbia, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, Vermont, Virginia, West Virginia; U.S. Department of Agriculture, FNS, Northeast Region, 707 Alexander Road, Princeton, New Jersey 08540.

(2) Alabama, Florida, Georgia, Kentucky, Mississippi, North Carolina, Puerto Rico, South Carolina, Tennessee, Virgin Islands; U.S. Department of Agriculture, FNS, Southeast Region, 1100 Spring Street NW., Atlanta, Georgia 30309.

(3) Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, Ohio, Wisconsin; U.S. Department of Agriculture, FNS, Midwest Region, 536 South Clark Street, Chicago, Illinois 60605.

(4) Arkansas, Colorado, Louisiana, Montana, New Mexico, North Dakota, Oklahoma, South Dakota, Texas, Utah, Wyoming; U.S. Department of Agriculture, FNS, West-Central Region, 1100 Commerce Street, Room 5-D-22, Dallas, Texas 75202.

(5) Alaska, American Samoa, Arizona, California, Guam, Hawaii, Idaho, Nevada, Oregon, Trust Territory, Washington; U.S. Department of Agriculture, FNS, Western Region, 550 Kearney Street, Room 400 San Francisco, California 94108.

(c) FNS shall issue instructions or procedures to implement the provisions of this part.

(d) Nothing contained in this part shall prevent a State agency from imposing additional requirements for participation in the WIC program which are not inconsistent with the provisions of this part.

NOTE: The reporting and/or record keeping requirements contained herein have been approved by the Office of Management and Budget in accordance with the Federal Reports Act of 1942.

*Effective date.* This part shall become effective on July 13, 1973.

Signed at Washington, D.C., on July 6, 1973.

CLAYTON YEUTTER,  
*Assistant Secretary.*

[FR Doc. 73-14024 Filed 7-6-73; 11:35 am]

BILLINGS AREA OFFICE,  
INDIAN HEALTH SERVICE,  
*January 30, 1974.*

#### SUGGESTED NEWS RELEASE—WIC PROJECT

The U.S. Department of Agriculture has granted the Montana State Department of Health and Environmental Sciences up to \$133,000 for a supplemental food program on the Fort Peck and Northern Cheyenne Reservations. The project, known as WIC (*Women-Infants-Children*), will make certain foods available to women who are pregnant or breast feeding and to children less than four years old. The foods will supplement the diet at the time when health is particularly important for the child's future. The program, which, must be conducted as a component of health care, will be administered by the Indian Health Service on the two reservations.

All women and children who are receiving maternity or well child care through the Indian Health Service and reside in the reservation communities are eligible for the supplemental foods.

Available foods will be iron fortified infant formula, fresh eggs, milk, cereal, and orange juice. Dried skim milk, evaporated milk, or cheese may be substituted for fresh milk. The foods will be obtained from participating grocers in the reservation communities. Vouchers which can be exchanged at the grocery for the foods will be issued at the Indian Health Service clinics.

The Fort Peck Reservation was chosen for this program because of the excessive number of reservation children under one year of age who die each year. The infant death rate for the Fort Peck Reservation remains three times that of other reservations in Montana and shows no downward trend. The WIC Project will assist the Indian Health Service staff in their effort to provide prenatal and postpartum care to the mothers and well child care to the infants and children.

The proportion of pregnant women who seek prenatal care is the lowest for Northern Cheyenne women than anywhere else in the State. Only half of the women present themselves early enough for the care to have a favorable effect on the outcome of the pregnancy. As a result, many of the pregnancies have medical complications affecting the health of the mother or baby. The WIC Project will provide a needed improvement in the diet of the pregnant woman and will encourage earlier and more regular care during the pregnancy.

The U.S. Department of Agriculture requires periodic health evaluations of the infants and children participating in the WIC Project. These evaluations will be done by the Indian Health Service staff in the well child clinics. The evaluations will consist of measurement to determine growth and tests for anemia, all of which are ordinarily done during well child care.

Through the WIC Project, information which will help her improve food buying and the diet of her family will be provided the mother.

The project will start about March 1, 1974. Further information may be obtained at the Indian Health Service clinics at Poplar, Wolf Point and Lame Deer.

C. H. McCracken, M.D.

#### FOOD AND NUTRITION

(Newsletter of the Food and Nutrition Service, U.S. Department of Agriculture, July 12, 1973, No. 30)

##### PILOT SUPPLEMENTAL FOOD PROGRAM FOR WOMEN, INFANTS AND CHILDREN

FNS has announced the start of a pilot special supplemental food program that will provide pregnant and lactating women, and children under 4 years old, with nutritious foods.

The program, to be carried out by local health agencies under Public Law 92-433, will help USDA identify the benefits of food in combating physical and mental damages that might affect malnourished infants.

Regulations governing the Special Supplemental Food Program for Women, Infants and Children (WIC) were announced on July 6.

The pilot WIC program will operate through June 30, 1974, in selected areas. The delivery system may include distribution of food at health clinics, issuance of food vouchers redeemable at retail stores, or any other method a State selects.

The Department will provide cash grants to health departments, or comparable State agencies, to make supplemental foods available. A WIC program may be carried out in any area, in both food stamp and food distribution areas.

Project areas are required to maintain medical records on participants. A local agency may apply for the program if:

It provides health services to residents of areas in which a substantial number of persons have low incomes.

Its staff includes competent medical personnel to examine persons receiving health services.

Its facilities include equipment for conducting a series of tests.

Participants are eligible for the pilot program if:

They reside in an approved project area.

They are eligible for medical treatment at reduced cost from a local agency serving the project area in which they reside.

They are determined by competent medical personnel of the local agency to be in need of supplemental food.

The 5 FNS Regional Offices started immediately to contact State Health Departments, to advise them of operating details of the new program, and to determine their interest in participating.

FNS REGIONAL BOUNDARIES CONFORM TO FEDERAL REGIONS

FNS HAS CHANGED its regional boundaries to conform to the pattern of the Standard Federal Regions.

While the new FNS boundary lines will follow those of the Standard Federal Regions, FNS will combine the 10 SFR into five FNS regions.

States included in the FNS Northeast Region—which will cover the same area as SFR I, II, and III—are Conn., Del., Maine, Md., N.H., N.J., N.Y., Pa., R.I., Va., Vt., W. Va., Puerto Rico, and the Virgin Islands.

The FNS Southeast Region will cover the SFR IV and will include Ala., Fla., Ga., Ky., Miss., N.C., and S.C.

The FNS Midwest Region will cover III, Ind., Iowa., Kans., Mich., Minn., Mo., Ohio, Nebr., and Wis.—the same area as SFR V and VII.

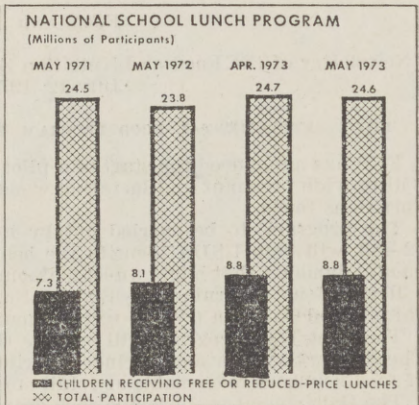
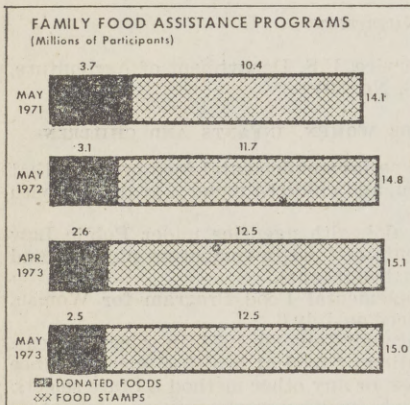
The FNS West-Central Region—now termed Southwest—will include Ark., Colo., La., Mont., N. Mex., N. Dak., Okla., S. Dak., Tex., Utah, and Wyo.; it will cover SFR VI and VIII.

The following States will be included in the FNS Western Region, which will cover the SFR IX and X: Alaska, Ariz., Calif., Hawaii, Ore., Nev., Wash., Guam, American Samoa, and the Trust Territory.

The change will be gradual, starting now and continuing over the next 3½ months, to be completed Sept. 1. The change will be made later in Puerto Rico and the Virgin Islands.

Locations of the five FNS regional offices will continue to be:

- Northeast: 707 Alexander Rd., Princeton, N.J. 08550;
- Southeast: 1100 Spring St., N.W., Atlanta, Ga. 30309;
- Midwest: 536 S. Clark St., Chicago, Ill. 60605;
- West-Central: 1100 Commerce St., Dallas, Tex. 75202;
- Western: 550 Kearny St., San Francisco, Calif. 94108.



THE CHILDREN'S FOUNDATION, Washington, D.C.

FUNDING SUMMARY—THE SPECIAL SUPPLEMENTAL FOOD PROGRAM FOR WOMEN, INFANTS, AND CHILDREN—WIC

I. FISCAL 1974 (JULY 1, 1973—JUNE 30, 1974) (UNDER PUBLIC LAW 92-433)

The courts ordered USDA to spend \$40 million for WIC in fiscal 1974. In a series of announcements last year, USDA committed the entire \$40 million:

	(Million)
For the first 163 grantees (based on 6 months of operations)-----	\$28.9
For the medical evaluation (based on 6 months of operations)-----	.4
For the next 53 grantees (based on 5 months of operations)-----	10.7
<b>Total -----</b>	<b>40.0</b>

But because programs started late, a substantial part of the \$40 million was not spent. March 6, 1974, USDA announced that another \$3.9 million in grants had been made, these based on 3 months of operations. Despite these new grants, more money is still available and will almost certainly be distributed this fiscal year. That means there will be even more new grantees.

Excluding the medical evaluation as a fixed cost and using March 1 as the average date, the following amounts have been saved:

	(Million)
2 months' worth of \$28.9 million-----	\$9.63
1 month's worth of \$10.7 million-----	2.14
Subtotal -----	11.77
March 6th grants-----	-3.90
Total still remaining (estimated)-----	7.87

The March 6th grants bring the annualized rate of expenditure for WIC to over \$99 million.

	(In millions)
Monthly rates for each set of grants, \$4.817 plus 2.140 plus 1.300-----	\$8.257
Yearly rate for all grants for programs-----	99.084
Yearly rate for medical evaluation-----	.4
Total projected annual expenditures for WIC-----	99.484

## II. FISCAL 1975 (JULY 1, 1974-JUNE 30, 1975) (UNDER PUBLIC LAW 93-150)

At present only \$40 million is available for WIC in fiscal 1975. For existing programs to continue, Congress would have to provide an additional \$60 million. For expansion, even more money would be necessary.

U.S. SENATE,  
COMMITTEE ON APPROPRIATIONS,  
Washington, D.C., March 27, 1974.

Hon. JAMES B. ALLEN,  
Chairman, Subcommittee on Agricultural Research and General Legislation,  
Senate Committee on Agriculture and Forestry, Washington, D.C.

DEAR MR. CHAIRMAN: In connection with your Subcommittee's hearings on S. 2871, to continue the USDA's commodity distribution program beyond June 30 this year, I am enclosing a copy of the March 15 letter received from Mr. Myron B. Thompson, Director of the Department of Social Services and Housing in the State of Hawaii.

Mr. Thompson cites facts that are pertinent to the question of extension of the Department's authority to purchase and distribute commodities for schools and public institutions.

With kind regards and aloha,  
Sincerely yours,

HIRAM L. FONG,  
U.S. Senate.

Enclosure.

STATE OF HAWAII,  
DEPARTMENT OF SOCIAL SERVICES AND HOUSING,  
Honolulu, Hawaii, March 15, 1974.

Hon. HIRAM L. FONG,  
U.S. Senator,  
New Senate Office Building,  
Washington, D.C.

DEAR SENATOR FONG: We are writing to request your kokua in supporting S. 2871 or H.R. 12168 which would require USDA to continue to purchase commodities on the open market for schools and institutions. This authority expires on June 30, 1974 and S. 2871 or H.R. 12168 would extend the authority for another two years.

After June 30, 1974 (if an extension is not granted) schools and institutions would receive cash rather than donated foods. We are concerned that the cash method or the donated food method will not be sufficient to provide the

amount of food currently received due to inflationary prices. In other words, the schools cannot purchase at existing prices the kinds and quantities of foods they have been receiving under the donated food system.

The school lunch program in Hawaii (and Samoa and Guam) would be adversely affected if an extension is not granted. Also, the people of the Trust Territory is not included in the Food Stamp Act.

American Samoa, the Trust Territories and Guam depend heavily upon the Commodity Distribution Program to provide foods that would otherwise be unobtainable for school feeding programs.

In Hawaii school food services, high utilization of donated commodities has helped the State to maintain the low 25¢ charge for student lunches. Continuation of the Commodity Distribution Program *with increased appropriations necessitated by rapidly rising food costs* to maintain current level of services would be most beneficial to the children served by these programs.

The American School Food Services Association, the national organization of school lunch people, is in favor of extending USDA's authority to purchase foods in the open market.

In addition, as we wrote you earlier this month, we seek your support of H.R. 12168 or S. 2871 which would increase the federal matching of all costs incurred by the State in administering the Food Stamp Program.

Thank you for your kokua.

Sincerely,

MYRON B. THOMPSON,  
*Director.*

U.S. SENATE,  
*Washington, D.C., April 9, 1974.*

HON. HERMAN E. TALMADGE,  
*Chairman, Senate Agriculture and Forestry Committee, Russell Senate Office Building, Washington, D.C.*

DEAR MR. CHAIRMAN: Enclosed is a copy of a letter I have received from Mr. Clyde Carter, President of Riceland Foods in Stuttgart, Arkansas. I believe the Committee will find Mr. Carter's letter most informative, and I would appreciate your including it in the hearing record on S. 2871.

With best wishes, I am

Sincerely yours,

J. W. FULBRIGHT,  
*U.S. Senate.*

Enclosure.

RICELAND FOODS,  
*Stuttgart, Ark., February 11, 1974.*

HON. J. W. FULBRIGHT,  
*Senate Office Building, Washington, D.C.*

Subject: Senate bill No. S. 2871 and House bill No. H.R. 12168.

DEAR SENATOR FULBRIGHT: For several months, this office has been in contact with the Food and Nutrition Service in Washington concerning their timetable on switching from commodities to food stamps for needy families, beginning July 1, 1974. This directive to Food and Nutrition Service is contained in the farm bill, Public Law 93-86, which became effective upon printing in the Federal Register, September 10, 1973, Volume 38, No. 174. I feel we should support the extension of the purchasing authority by Food and Nutrition Service due to the following problems (there may be others), which come to mind:

1. The cost of the food stamps versus commodities will be sharply higher. Our firm and others offer competitive bids on each car of rice, oil, and shortening needed. Too, recipients are usually among the least educated of our society, who ordinarily buy mostly items advertised on national television. As a rule, national brands run 20 to 40% higher than house brands or regional brands. Items purchased by USDA cost 10 to 20% less than house or regional brands due to the competitive bidding on each shipment.

2. It's possible to counterfeit food stamps. It's not possible to counterfeit actual commodities.

3. Stamps are much more vulnerable to pilferage, or theft, than the actual commodity.

4. We have come through a period when competitors (national brands) actually withdrew from the shortening and oil market due to a disagreement,

we understand, with the Cost of Living Council. During this time, we continued shipping to USDA on oil and shortening contracts. Obviously, stamps (or dollars) cannot buy when the grocery shelves are empty.

5. Every car or truckload of product sold to USDA by our firm is inspected by the U.S. Department of Agriculture, prior to shipment. This assures the recipient of getting freshly produced commodities meeting all quality guarantees.

6. USDA controls the distribution, which means the items are distributed in the order received. This assures proper rotation of stocks which, unfortunately, is not always true at the supermarket.

7. The recipient is assured of getting food items actually needed. In the case of oil and shortening, most nutritionists recommend approximately 35% of a person's calories be derived from fat. Yet stamps can be manipulated by the holder so as to be used to acquire nonessentials such as tobacco, liquor, etc. It is far more difficult for commodities to be so abused.

Riceland Foods has done a good job in supplying oil, shortening, and rice on the past and present program. Carbohydrates and fats (rice and shortening) play a major role in one's diet. Supplies of these items should not be terminated, particularly during this time of rapidly rising prices, transportation strikes, and increasing unemployment. Rather, we must maintain the short distribution chain direct to the housewife. The number of families in need could mushroom, if our energy picture does not improve so food supplies owned and controlled by the Food and Nutrition Service could become very important to the nation.

I solicit your support, in principle, for Senate Bill S. 2871 and House Bill H.R. 12168. Now is not the time to terminate the purchasing authority of commodities by the Food and Nutrition Service.

Yours very truly,

L. CLYDE CARTER,  
*President.*

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NATIONAL MILK PRODUCERS FEDERATION,  
*Washington, D.C.*

HON. JAMES B. ALLEN,  
*Chairman, Subcommittee on Agricultural Research and General Legislation,  
Committee on Agriculture and Forestry, Senate Office Building, Wash-  
ington, D.C.*

DEAR SENATOR ALLEN: The National Milk Producers Federation has always supported and will continue to support the strongest possible child nutrition and other Federal feeding programs.

In line with that position, we support the existing Federal commodity procurement programs under which nutritious foods such as dairy products and other commodities are distributed to schools and other eligible institutions.

The existing authority for a part of our present commodity distribution program is contained in Section 4(a) of the Agriculture and Consumer Protection Act of 1973 and will terminate on June 30, 1974. It must be extended.

The provisions of Section 4(a) covering all agricultural commodities are similar to Section 709 of the Food and Agriculture Act of 1965 under which the Secretary of Agriculture is authorized to purchase dairy products in the open market in food programs when Commodity Credit Corporation stocks are not available for use in food programs.

We, therefore, urge the enactment of proposed legislation that will extend the authority contained in Section 4(a) of the Agriculture and Consumer Protection Act of 1973 to enable the USDA to continue this well-accepted program for making food available to our school children and other eligible recipients.

We do not support proposals to phase out this program and distribute cash in lieu of agricultural commodities. We see no advantage in this approach, and if any do exist, they are far outweighed by the disadvantages. There may be rare occasions when, because of logistics, the USDA is unable to distribute food items, and a cash distribution must be available in order to meet the food needs of schools and eligible institutions. In such case ample authority is provided for in P.L. 93-150 for such distribution.

Sincerely,

PATRICK B. HEALY, *Secretary.*

ALABAMA PEANUT PRODUCERS ASSOCIATION,  
Dothan, Ala., March 11, 1974.

HON. JAMES ALLEN,  
U.S. Senate,  
New Senate Office Building,  
Washington, D.C.

DEAR SENATOR ALLEN: It is upsetting to learn that USDA plans to discontinue buying commodities for school lunch programs. This is bad news to thousands of Alabama farm families, both as food producers and also as consumers if they have children in school.

The enclosed memo explains why we feel that USDA should not junk a procedure that has worked well for almost 30 years.

I understand that bills already have been introduced in the Senate and the House that would preserve the commodity purchase program at meaningful levels; whether or not there are "surpluses." I also understand that if Congress does not act quickly, the entire commodity purchase program will be lost.

Our growers and their families will greatly appreciate any attention you can give to this matter.

Cordially,

JAMES EARL MOBLEY,  
President.

Enclosure.

The U.S. Department of Agriculture has revealed it intends to stop buying nutritious commodities for school lunch programs, a practice authorized by Congress that goes back to the 1940s.

This would be a blow to the nation's school children, and to the farm community.

Our peanut-growers are very much aware of the needs and goals of school lunch operations, for two reasons.

First, school lunch accounts for a tremendous quantity of peanut butter each year. This year, so far, USDA has purchased more than 25 million pounds of peanut butter, and for the first time has purchased roasted chopped peanuts as another commodity for schools.

Second, our growers also are parents and they appreciate the effect of school lunch programs on the well-being of America's children.

USDA explains its proposal to discontinue commodity purchases for school lunch by saying that we're out of the era of farm surpluses, and it says it will give schools the cash equivalent in place of commodities.

The school lunch people rightly point out that they would get much less food for the dollar than USDA gets when it makes large-quantity purchases. They also point out that most school districts just don't have the technical personnel to handle inspection, grading and other procedures which USDA now carries out.

It is also shortsighted to call off commodity purchases even if today there is no long list of so-called surplus foods. Aside from putting such food to good use when surpluses actually do exist, the commodity purchases also provide these benefits:

Large-scale USDA purchases for school lunch can strengthen farmers' prices when such action is needed. In today's erratic market situation, there can be times when farmers aren't getting any kind of profit, even if the specific crop in question is not in tremendous surplus. Selective purchases can help remedy such ups and downs.

Just because we are in a period when supplies of quite a few commodities are tight, there's no guarantee that we won't wake up at the next harvest to surpluses of many kinds of U.S. crops. We must maintain the structure that has worked so well over the years for putting abundant crops to ideal use. If USDA is permitted to discontinue commodity purchases for school lunch, there just won't be time to put this kind of organization together when we find ourselves in any kind of crop excess.

In the present market situation, this nation is without its usual food reserves. Over the years, the commodities that USDA distributes to school lunch operations have provided Americans with emergency food stockpiles. It is those commodities, on hand in the schools of every community, which are the foods that are put to immediate use for disaster feeding, whether it's a flood in Pennsylvania, tornadoes in the Midwest, hurricanes in the Southeast, or blizzards in the North.

USDA just announced that it has managed to buy plenty of commodities for schools since last July 1, expending more than 95 percent of the money

authorized for that purpose. This proves that it really can continue to carry out the commodity purchase policy, even in times when supplies are tight.

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STATEMENT OF HAROLD BARSE, SR., TRIBAL CHAIRMAN, SISSETON-WAHPETON SIOUX TRIBE, SISSETON, S. DAK.

Mr. Chairman, The Sisseton-Wahpeton Sioux Tribe of the Lake Traverse Reservation, Sisseton, South Dakota, refuses to accept the growing sentiment of benign-neglect on the part of the federal government.

In an era of plentitude, malnutrition and hunger can still be found among members of the Sisseton-Wahpeton Sioux Tribe. While the conscience of the nation is provoked when confronted with the near-starvation conditions in India and Ethiopia, Native Americans throughout the nation quietly endure the pangs of the same hunger which afflicts those abroad.

The lands which currently produce bountiful harvests once had aboriginal title. These very lands once sustained a people who neither abused nor drastically altered the ecological balance of nature.

Through conquest and subjugation, however, the land base of the Native American diminished. Treaties were made, which guaranteed certain contractual returns to the Indian people as recompense for ceded lands.

The Sisseton-Wahpeton Sioux Tribe stands stunned and horrified that perhaps the blow of conquest shall again be struck, by means of a plan intended to diminish Indian people.

For these reasons, the Tribe has taken the following position: Therefore, be it

*Resolved:*

1. that those members of the Congress of the United States who represent the Sisseton-Wahpeton Sioux Tribe be informed that the Tribe strongly advocates continuing, through legislation, the authority for the Commodity Distribution Program as it presently exists, even if such continuation requires authorizing the Secretary of Agriculture to purchase commodities on the open market.

2. that the Sisseton-Wahpeton Sioux Tribe further advocates the policy of making available to eligible Tribal members residing on or near the Lake Traverse Reservation the option of electing to participate in either the Commodity Distribution Program or the Food Stamp Program.

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STATEMENT OF GEORGE B. WATTS, PRESIDENT, NATIONAL BROILER COUNCIL

The National Broiler Council is the trade association representing producer-processors of more than 75 percent of the total broiler/fryer chicken production in the United States. Broiler meat is one of the most important sources of protein in the American diet and an important source of protein for children participating in the National School Lunch Program. At the present time, broiler production in the United States amounts to more than 8 billion pounds per year, and during 1973, the United States Department of Agriculture purchased and distributed more than 96 million pounds of chicken for distribution and use in the National School Lunch and Community Distribution programs.

The National School Lunch Act provides that lunches served by participating schools shall meet minimum nutritional standards prescribed by the Secretary of Agriculture. In response to this statutory directive, the Food and Nutrition Service requires that each school lunch include a protein component which may consist of two ounces of poultry meat. Cut-up chicken provides an excellent source of protein for school lunches because of its low fat level and acceptability among students. Purchases of chicken by both the federal government and participating schools meet the school lunch protein requirement at a very reasonable cost.

Just as chicken has been important to the commodity distribution programs, so the programs have been important to producers of broiler-fryer chicken. The government has made substantial purchases of cut-up broiler chickens for the lunch program during recent years.

These purchases have been very important to broiler producers because they have contributed some measure of stability to an inherently cyclical industry. Broiler prices fluctuate in response to apparently inevitable surges of over-

production. The following table shows that wholesale broiler prices have fluctuated an average 35.9 percent per year during the period 1965 through 1971.

	Highest weekly price	Lowest weekly price	Percent fluctuation
1965.....	29.6	23.9	123.7
1966.....	32.2	21.4	50.4
1967.....	28.9	21.4	35.0
1968.....	31.2	24.6	26.9
1969.....	35.5	24.7	43.5
1970.....	29.5	22.0	34.1
1971.....	32.2	23.4	37.7
Average.....			35.9

<sup>1</sup> Percent increase of highest weekly price as compared to the lowest weekly price.

Annual fluctuations since 1971 have been so dramatic that they would distort this "normal degree" of fluctuation.

The Department of Agriculture is now proposing to eliminate its Commodity Purchase Program. The National Broiler Council believes that such action is inappropriate.

It is true that fewer commodities have been in surplus during the past twelve months than at any other time during recent memory. And to the extent that the Department of Agriculture and the Congress through administrative and legislative foresight have brought overall stability to agricultural markets, they deserve full recognition and credit; however, even now, surpluses have not disappeared. The present prices for poultry, and indeed for some other protein foods, do not cover the cost of production. A continuing, intelligent government purchase program can, and should be, one of the most effective available tools to moderate the cyclical periods of surplus and low prices which threaten all producers of agricultural products and which threaten the ability of small producers to pursue their livelihood. The commodity purchase provisions of S. 2871 can provide for the continuation of such government purchases. It is these provisions of S. 2871 which the National Broiler Council supports.

In supporting S. 2871, we are not seeking subsidies or stepping back from the competitive marketplace. The producers of broiler-fryer chickens can compete with producers of any other protein foods on the basis of both quality and price. Broiler producers compete fiercely with each other and it is the very fact of this competition that causes the cyclical supply and price fluctuation which purchases for the commodity programs can appropriately moderate.

The Department of Agriculture has proposed that the funds heretofore used for commodity purchases by the federal government be distributed to the States for commodity purchases by individual schools. We are sure that poultry producers can compete successfully and market to individual schools. However, we recognize that heretofore the funds used for federal school food purchases have served two purposes. First, they have provided food for students, and, second, they have provided stability for farmers. The USDA proposal would continue to provide food for students. Whether it would do this effectively and efficiently is disputed by many state school food service agencies. However, it is absolutely clear that the USDA proposal would sacrifice the second traditional purpose of federal school food purchases, the moderation and stabilization of agricultural price cycles.

For all these reasons, the National Broiler Council supports the provisions of S. 2871, which would mandate continuing federal food purchase programs at traditional levels.

## APPENDIX

### ONE CHILD—ONE CHANCE (A REPORT ON THE SUPPLEMENTAL FOOD PROGRAM—STEFAN HARVEY, THE CHILDREN'S FOUNDATION, WASHINGTON, D.C.)

#### INTRODUCTION

Ginny Gatewood and Ruth Edwards have baby girls on the same afternoon. It is the first child for each of them, and both are delighted. There the similarities end.

Ms. Gatewood delivered at Georgetown University Hospital; Ms. Edwards delivered at D.C. General. Georgetown is a private hospital; D.C. General is a city hospital. When Ms. Gatewood leaves the hospital, she will feed her baby Similac as recommended. When Ms. Edwards leaves the hospital, she will feed her baby Similac until it runs out. Then she will feed her baby a formula of evaporated milk and corn syrup.

For hundreds of Ms. Edwardses who have children at D.C. General, John Gaston in Memphis, Broadlawn in Des Moines, and County General in Los Angeles, providing formula for the baby is a big problem. While they know the importance of feeding the baby the right formula, often they do not have the money to buy it.

For many mothers prepared formula is simply too expensive. The cost of formula has gone up like everything else. Evaporated milk is cheaper than prepared formula, but it is still expensive.

For hundreds of mothers there is a solution to the problem. A Department of Agriculture program, the Supplemental Food Program, provides the answer. Milk and other nutritious foods, and nutrition education are available at many health clinics throughout the country.

The Supplemental Food Program is a nutrition program for low-income pregnant women, nursing and post-partum mothers, infants, and children under six. The program provides foods rich in iron and protein to mothers and children who have inadequate diets. The program also includes nutrition education.

The supplemental program is administered on the Federal level by USDA, and on the local level by county health departments or comprehensive health clinics, Community Action Agencies, or occasionally, churches or private charities. USDA provides the food and transports it to State warehouses. Local sponsors take over from there. Health departments certify participants; county or local organizations pickup, store and distribute the food. USDA provides no financial support for the local administration of programs.

#### USDA POLICY HAS AFFECTED THE SIZE AND SCOPE OF THE SUPPLEMENTAL PROGRAM

The first restrictive policy occurred when participation estimates became program quotas. In April 1969, programs were told to estimate the number of people in their area who were eligible for the program. Many programs underestimated, and when USDA enforced the estimates as maximum quotas, some programs had to turn away eligible participants. To expand beyond quotas, programs had to get special permission from USDA regional offices. Often requests for expansion were denied.

In April of the following year, USDA issued a set of still more restrictive guidelines. The 1970 guidelines limited new programs to areas with family commodity programs and limited participation in new programs to mothers and infants 0-12 months, thus excluding 1 to 5 year olds as originally intended.

In May 1971, a third blow was delivered. This time USDA addressed itself to existing programs. It became policy to close supplemental programs in com-

modity distribution counties when the county switched from commodities to food stamps.

The Supplemental Food Program has had a stormy but successful 6 years. Funding problems, adverse local politics, shortages of certain food items, and restrictive USDA policies have affected the program. But, generally, the difficulties have been weathered, and diets have been improved. Countless women and children have eaten better meals and have better understood nutrition. Consequently, they have been healthier.

Today the Supplemental Food Program is in limbo. No one (USDA personnel, doctors or nurses of health departments, local administrators, or participants) knows the future of the program.

But everyone understands that the Department of Agriculture and Congress will determine the future.

If USDA had its way, it would end its involvement with the Supplemental Food Program. When there were surpluses, the Department was mildly interested in food programs; program needs allowed it to purchase surpluses and maintain high farm prices. Today there are few surpluses, and USDA has lost its interest in food programs. It is anxious to get out of the food purchasing business and feels that food and nutrition programs ought to be transferred to Health, Education, and Welfare.

Congress assisted commodity programs last August, and that assistance is urgently needed again. Congress became aware that shortages of agricultural surpluses would cause problems for commodity programs, and in 1973 compensated for the shortage by giving USDA the authority to buy at market prices. In August, Congress amended the Agricultural Act of 1970, giving USDA the authority to buy at market prices in order to maintain "the annually programmed level of assistance for schools, domestic relief distribution, and such other domestic food assistance programs as are authorized by law." The authority was extended to July 1, 1974.

While there has been speculation that there will be surpluses this year, it appears unlikely. Therefore, the Supplemental Food Program and other commodity programs can be assured of continuance only if USDA's authority to buy at market prices is extended beyond July 1.

In January 1974, The Children's Foundation, an advocacy group which monitors Federal food programs, took a serious look at the Supplemental Food Program. The Foundation was interested in learning how programs operated and whether they were successful. All programs were contacted by mail, by phone, or visited.

The Foundation was encouraged by what it learned. The food and nutrition education of the program provides better diets and consequently better health. The supplemental program introduces hundreds of families to health care facilities and involves them in clinic activities. Most significantly, the supplemental program provides many low income children with the chance for proper development.

The findings are presented here in a comprehensive report on the Supplemental Food Program.

#### THE PROGRAM TODAY

The Supplemental Food Program began in 1968, and was the first program of its kind. Participants received peanut butter, canned meat, juices, cereal, egg mix, vegetables, dry milk, evaporated milk, and corn syrup. Today the program consists of the same foods.

The first program began in November 1968, in DeKalb County, Ga. Programs continued to be established during 1969 and 1970, and in February 1971, there were 310 programs in 37 States. The program remained at about the same level until February 1972, when Virginia closed its 52 programs. Then there were 265 programs.

USDA policies and a lack of administrative funds have forced programs to close. In December 1973, there were 207 programs in 33 States. The 207 programs were in the following USDA regions:

Northeast -----	8
Southwest -----	47
Midwest -----	88
West Central -----	41
Western -----	23

(See Appendix A.)

Twelve States have only one supplemental program, and there are no supplemental programs in 18 States. (See Appendix B.)

The largest program is in Detroit, where there are over 17,000 participants. There are over 5,000 participants in the programs in Washington, D.C., San Francisco, New Orleans, St. Louis, Nashville, Memphis, Little Rock, and Denver. Other urban programs of notable size are those in Atlanta, Chicago, Omaha, Salt Lake, Seattle, and Des Moines. Rural programs of notable size are located in Berkeley County, S.C., and Holmes County, Miss. Both of these programs involved more than 1,000 participants. There are supplemental programs on the Pine Ridge Reservation in South Dakota, on the Red Lake Reservation in Minnesota and on 12 other reservations.

Eighty-four of the 207 existing programs operate in commodity distribution counties.<sup>1</sup> In accordance with the 1971 USDA policy, they will be closed when food stamp programs are instituted. Legislation requires all counties to switch to food stamps by July 1, 1974, so all 84 programs will be closed within the next 3 months. This affects all of the supplemental programs in Oregon and Nevada, 43 of the 46 programs in Missouri, and 18 of the 24 programs in North Carolina. (See Appendix C.)

There have been as many as 200,000 participants in a single month. This figure was reached in June 1971, when 202,296 mothers and children participated. The monthly participation rate for 1973 ranged from 150,000 to 170,000. Preliminary reports for January 1974, indicate approximately 150,000 participants.

In December 1973, participation totals for each region were:

Northeast .....	12,410
Southwest .....	35,277
Midwest .....	37,741
West Central .....	36,890
Western .....	14,684

There were 24,000 infants, 86,000 children one to five, and 25,000 mothers. The 84 programs scheduled to close include 14,000 women, infants, and children.

Many participants of the supplemental program do not participate in either of the family food programs (commodities or stamps). The table illustrates that in many cases the supplemental program is not duplicating other food programs:

County	Supplemental and family	Supplemental only	Total
Pulaski County Health Department, Little Rock, Ark.....	1,406	3,309	4,712
Fulton County Health Department, Atlanta, Ga.....	936	1,866	2,805
Webster Community Action Agency, Webster County, La.....	323	817	1,140
Human Resources Corp., St. Louis, Mo.....	419	6,368	6,787

There are a number of reasons for this. A family may be eligible for the Supplemental Food Program but not eligible for family food programs; a family may not be able to afford to buy stamps; attitudes of local social service or welfare departments may inhibit families from participating in the other programs.

In December USDA spent \$1.2 million purchasing 3.9 million pounds of food for the supplemental program. The per person expenditure was \$8.85.

The cost of administering the program is funded locally by departments of county governments or nonprofit organizations. These costs are affected by a number of variables including size of program, availability of in-kind contributions and proximity to State warehouses. They vary from program to program. The administrative costs for five programs were:

	Monthly cost	Average number of participants	Cost per person
Marin County Department of Health Services, Marin Co., Calif.....	\$625	470	\$1.13
Human Development Corp., St. Louis, Mo.....	13,333	6,160	2.20
Community Action program, Cheyenne Reservation, Eagle Butte, S. Dak.....	1,408	667	2.11
East Central Arkansas Opportunities Corp., St. Francis, Ark.....	1,000	400	2.50
Cook County OEO, Inc., Chicago, Ill.....	15,016	3,093	4.85

<sup>1</sup> There are actually 99 programs in commodity counties; 13 are on Indian reservations and are not affected by the policy.

## PROJECT DESCRIPTIONS

## WASHINGTON, D.C.

Sponsor: Department of Human Resources, Washington, D.C. Serves District of Columbia—12,000 participants—\$33,000 monthly administrative costs.

In Washington, D.C., 12,000 mothers and children participate in the Supplemental Food Program each month. Doris Thornton, Director of the Program, refers to it "as a health related program" and explains that her staff is primarily concerned with nutrition education.

The administrative offices of the program are located on Connecticut Avenue across the street from the Washington Hilton. It is an incongruous location for the supplemental offices: The Hilton rarely exposes its guests to the realities which make the supplemental program a necessity for hundreds of Washington, D.C., families.

A short distance from the Hilton is the Mt. Pleasant neighborhood corner of 17th Street and Kalorama Road. Here the supplemental food mobile distributes food bags four mornings a month. The food mobile operates at this site and six others in the city on various days of the month. In addition to the mobile sites, there are 10 health centers that distribute the supplemental foods. Participants pick up food twice a month using a voucher which they receive at their health clinics. Participants are certified for the program at any one of 24 health facilities in the city where they attend prenatal, well-baby or family clinics.

D.C. General Hospital is one of these 24 facilities, and the supplemental program has a unique arrangement with the hospital. Supplemental program staff work on the maternity wards certifying new mothers and babies. Staff attend mother's classes, explaining the program and the value of good nutrition. There is a distribution center at the hospital enabling mothers to pick up their first food bag as they leave the hospital.

The supplemental program staff do not spend their time in the administrative offices watching convention goers at the Hilton; they spend it out in the community, working in neighborhood clinics, in preschool classes, and in elementary and secondary schools talking about nutrition and the importance of adequate diets.

There are an estimated 30,000 to 50,000 mothers, infants, and children in the Nation's Capital who are eligible to participate in the supplemental program. Their need is urgent, and the task of the supplemental program is arduous.

District health officials maintain that the supplemental program has made a difference. They cite significant decreases in maternal mortality rates over the past 2 to 3 years:

	Deaths	Rate (per 10,000 live births)
Maternal mortality rates:		
1970.....	11	7.4
1971.....	4	2.9
1972.....	2	1.7
Infant mortality rates:		
1970.....	432	28.9
1971.....	396	28.5
1972.....	323	27.2

They also feel that the program has been instrumental in improving the delivery care of hundreds of women.

## NORTH CAROLINA

Sponsor: Wake County Health Department, Raleigh, N.C. Serves Raleigh and Wake County—600 participants—costs included in the county's budget for family distribution program. No separate breakdown.

There are Supplemental Food Programs in 24 of the 100 counties in North Carolina. In a State where the infant mortality rate is 24.1 per 1,000 live births, and the maternal mortality rate is 25.5 per 10,000 live births, 24 supplemental programs can only minimally tackle the problems in the State.

Eighteen of the programs are in counties which still operate commodity distribution programs. In accordance with USDA policy, they will all be closed by June 30, 1974. Six programs will remain.

Three of the larger programs are in the north central section of the State, in Raleigh, Chapel Hill, and Burlington.

Dr. M. B. Bethel, Director of Wake County Health Department (Raleigh is in Wake County), states: "There's no doubt that this program has done a great deal. With the prescribed diets and nurses' work, it is an extremely valuable program." Bethel and his nursing staff strongly support the program which involves about 600 participants. Two nurses who have had administrative responsibility for the program explain that word of mouth promotes the program, and the program promotes the clinic.

They estimate that two-thirds of the participants are not eligible for social services. The nurses further explain that some eligible families refuse to go to the Social Services Department. Like some families, Carolyn Singletary is frustrated by the Social Services Department. Singletary, a nursing supervisor, says: "We know that the first month of life is crucial in terms of mental retardation, and what disturbs me is that a woman can not apply for AFDC until her child is born. And the process takes a month."

In early January the switchboard at Wake Countys' Health Clinic rang incessantly for days as troubled mothers telephoned their nurses. The warehouse had run out of milk, and as a result, milk had suddenly disappeared from their supplemental foods. What should they do? Singletary commented on the graveness of the situation. "When you have been receiving milk for 2 years, you do not budget for it, and with no warning you can't do so."

Shortages are often a major problem for the Supplemental Food Program. Recently there hasn't been enough evaporated milk. For USDA, shortages mean unfulfilled milk contracts. For Ms. Smith and Ms. Brown of Raleigh, N.C., shortages mean no milk for their babies. Ms. Smith understands the importance of milk, will try to buy it for herself, but will in all likelihood be unable to afford it. Research has shown that without milk, her child's potential development is at stake.

Wake County will switch to food stamps sometime in the next 3 months. When this occurs, the supplemental program will be closed. One can only guess what Ms. Smith and Ms. Brown will do.

Sponsor: Orange-Chatam Comprehensive Health Service Center, Chapel Hill, N.C. Serves Chapel Hill and rural Orange County—430 participants—\$1,000 monthly administrative costs.

Thirteen miles from Raleigh is Chapel Hill and the University of North Carolina. The campus and surrounding community are beautiful and affluent. It is a quiet college town where the problems of low-income people are not readily apparent.

The problems do exist in Chapel Hill. Inadequate diets are a problem for many families in the community and surrounding county. For these families the Supplemental Food Program offers substantial help.

The program in Orange County is administered by the Orange-Chatham Comprehensive Health Service, a nonprofit, community health clinic. Food is distributed at two Community Action Agency multipurpose centers in the county. Jesse Gibson, Director of Community Development for OCCHS and an administrator of the program, cites the well known truth, "People have a tendency to let food go. Landlords will throw you out, lights will be turned off, but no one cares whether you eat." Gibson has seen the program help mothers maintain good diets for themselves and their young children.

At the temporary downtown headquarters of the clinic, women, infants, and children are certified for the program and attend regular prenatal and pediatric clinics.

OCCHS staff estimates that it annually costs about \$13,000 to administer the program. In 1973, the monthly per person expenditure ran about \$3. OCCHS feels that this is a fiscally sound expenditure and is committed to continue spending this money as long as USDA provides the food.

Sponsor: Alamance County Health Department, Burlington, N.C. Serves Burlington and Alamance County—650 participants—\$165 monthly administrative costs.

Friday morning at 8:10 there is a lot of activity at the Alamance County Health Department on Gramhokedale Road in Burlington, N.C.

Participants of the Supplemental Food Program arrive promptly at 8 a.m. in order to be able to take the food home before going to work. By 8:30 the supplemental food office is full and noisy. Betty Cameron, mother of five, moves quickly through the room and downstairs to pick up her food; she has to be at the first of two regular jobs in 45 minutes. As she signs her prescription card, she tells Alice Boleman (the employee who keeps records, and Betty's friend for many years) that her baby is finally eating the farina. People continue to file into the room, and a great deal of family and community news is exchanged. Many women comment on the rising cost of food; Ms. Wilson says: "With things so high don't know how anyone makes it these days."

The logistics of the program in Alamance County are somewhat unique. Jim Scott, a sanitary engineer with the county health department, learned of the availability of the program and convinced the Director of the Health Department that the program was important. Scott put together an administrative system that costs the health department almost nothing. The only costs incurred are two part-time salaries. Scott uses personnel from the county prison to unload and stack the food in the basement of the health department, where it is stored and distributed. Scott, who administered the commodity family program when it operated in the county, believes that the supplemental program addresses a very real need and "gets these folks in here for other services." (The health department holds prenatal, well-baby and pediatrics clinics.)

The nursing staff of the department is solidly behind the program. They explain that the supplemental program initiates interest in the health department and permits participants to act on their new nutrition education knowledge. Director of Nursing, Rita Faulkenberry, emphasizes the need for the program, "\* \* \* while hungry people are not supposed to exist \* \* \* too often nurses find no food in the house \* \* \*."

Dr. C.K. Scott, a pediatrician who conducts clinics at the health department says of the program: "I definitely feel the food program should continue. I feel it is superior to giving out money which may or may not be spent wisely. I feel the nutrition of some of the children in our area would suffer if it were stopped."

#### GEORGIA

Sponsor: Fulton County Health Department, Atlanta, Ga. Serves Atlanta and Fulton County—3,200 participants—costs included in county's budget for family distribution program. No separate breakdown.

Grady Memorial Hospital looms over I-85 on the outskirts of fast growing Atlanta, Ga. It's an awesome, foreboding city hospital where afternoon activity closely resembles a bustling downtown department store. Grady Hospital provides free or reduced medical care to residents of Fulton and DeKalb Counties.

One of Grady's numerous programs is the Maternal and Infant Care Project which provides comprehensive multidisciplinary obstetric care to high risk mothers. In 1972, 5,639 women had babies at Grady. Of the 5,600, 2,330 were determined to be high risk and received care in the M and I special out clinic system.

Most of the women involved in the M and I Project are eligible for the supplemental program; a great number are certified for the program and do, in fact participate.

The Fulton County Health Department also certifies participants for the program. The county nursing staff conducts 190 baby clinics a month, certifying participants and providing medical advice and nutrition education to those who receive supplemental foods.

Dr. Hackney, Director of Fulton County's Health Department, and Mrs. Mattie Wade, Director of Nursing for the County, explain that conditions in the Atlanta area have deteriorated and consequently increased the need for the supplemental program. Dr. Lavonne Painter, Coordinator of School and Child Health for the Health Department says: "\* \* \* if you were to take the supplemental program away \* \* \* you might see manifestations of malnutrition."

Food for the family commodity program and the supplemental program is distributed from the old farmers market warehouse. The warehouse is located in a remote industrial section of southwest Atlanta, and transportation dif-

faculties keep some individuals from participating in the programs. But many people do get to the warehouse once a month to participate in the efficient distribution system which has been operating for 13 years. 32,732 people participate in the family program each month, and about 3,000 participate in the supplemental program.

A mother explains that her three children love all the supplemental foods, and that she does not know what her family would do without the program. She learned of the supplemental program through the M and I Project at Grady; her husband works, but the special medical needs of a retarded child make it difficult for them to make ends meet. The supplemental program enables her to provide adequate diets for her three children all of whom are under age 6.

Sponsor: DeKalb County Health Department, Decatur, Ga., Serves DeKalb County—1,700 participants—costs include in county's budget for family distribution program. No separate breakdown.

Thirty minutes from the old farmers market is the DeKalb County Food Distribution Center. DeKalb County, the 33d wealthiest county in the United States, has absorbed much of the suburban sprawl caused by Atlanta's sudden growth. DeKalb County has grown and prospered: County revenue grew from \$50 million last year to \$70 million this year.

While the county has prospered, problems for low-income families have been only marginally reduced.

The food distribution center on Trinity Place is just off the historic town square of Decatur. Mothers pick up the supplemental foods once a month at the Trinity Place location. The family commodity program began in 1961; this is the 13th year of operation. The supplemental program began in 1969 as the first supplemental program in the country.

Dr. Henry Palmer of DeKalb's Health Department explains that low blood counts are still problems for some DeKalb residents. He is of the opinion that the supplemental foods help cure this situation. The Director of Nursing, Adele Taxton, explains that incidences of tuberculosis in the county have dropped; she attributes this in part to better nutrition.

In Fulton County (Atlanta) approximately 3,200 individuals participate in the supplemental program each month, and in DeKalb about 1,700 participate each month. In addition to these two large programs, three additional counties, Clarke, Gwinnett, and Rockdale operate smaller supplemental programs. State-wide about 5,100 mothers, infants, and children participate in the supplemental program each month.

All of the programs will be closed in the next 3 months when food stamps are introduced in each of the counties. It will be a bit ironic because in September 1972, the Commissioner on Hunger and Malnutrition reported to Governor Carter:

"Georgia has twice the incidence of mental retardation compared to the United States. There are many medical reasons for this, but there is a growing body of evidence that suggests that some of the excess seen in this region of the country may be related to malnutrition of the pregnant woman and small infants up to the age of two \* \* \*. The poor of Georgia have twice the incidence of low birth weight babies, twice the maternal death rate and twice the neonatal death rate seen in the more affluent. This situation has become progressively worse in the last 20 years."

It is precisely these kinds of problems that the supplemental program is attempting to alleviate.

#### TENNESSEE

Sponsor: Davidson County Health Department, Nashville, Tenn. Serves Nashville and Davidson County—7,500 participants—\$6,500 monthly administrative costs.

Willy Brown is 2 years old and lives in south Memphis. Sally Redan is a year old and lives in Nashville. Jeffrey Goodwin is 4 years old and lives in the small town of Paris. Willy, Sally, and Jeffrey and hundreds of other Tennesseans under six have something in common: They all participate in the Supplemental Food Program. There are approximately 20,000 mothers, infants, and children under six who participate in the nine supplemental programs in the State.

The programs in Nashville and Memphis account for almost 18,000 of the State's total of 20,000 participants; the remaining 2,000 people participate in seven programs in seven predominately rural counties.

Lucille Callicott, a public health nurse in the rural county of Henry, says: "The program involves much more than the food they receive. It is a total health program. We see that they have all defects corrected including vision, teeth, and speech and hearing. They also receive all the required immunizations. And the parents are referred to our family planning clinic."

Home visits are included in the routines of Davidson County Health Department nurses. Many visits are made to Supplemental Program participants. Nurses ask about the foods and share recipes and hints on how to use the egg mix. Home visits are excellent opportunities for individualized nutrition education.

Nashville's program is funded by the Davidson County Health Department, and the Director, Dr. Bistowish, comments that the program is "much needed." Despite recent cutbacks in their budget, Bistowish says that the County Health Department will fund the supplemental program as long as USDA provides the food.

Food is distributed to 7,500 people every month from one central warehouse. A unique feature of Nashville's distribution set-up is a rain check system which allows participants to return within the month for items that were not available when they came for their food.

The health department estimated that in 1972 there were roughly 10,000 post-partum women, 8,400 infants, and 36,000 children one-to-four in Nashville who were potentially eligible to participate in a nutrition program like the supplemental program. The number is about the same today. The supplemental program involves 7,400 mothers, infants, and children; therefore, about 44,000 potentially eligible individuals do not participate in any nutrition program.

Sponsor: MAP-South/St. Jude Research Hospital, Memphis, Tenn.  
Serves residents of designated south Memphis area—2,300 participants—  
\$4,000 monthly administrative costs.

St. Jude Research Hospital is renowned for its leukemia research. Today the hospital is also gaining a reputation for its research into the effects of malnutrition. Dr. Pinkel, Director of St. Jude, spells out the significance of this work: "The real horror of malnutrition is that it is not a rare disease. Malnutrition is a much bigger problem than leukemia. If we could find ways to stop leukemia altogether in this age group, there would only be a small or virtually no effect on the world's population. But if we found ways to stop malnutrition, it would have an almost immeasurable effect on the world."

At St. Jude one sees leukemia patients: Young children (predominantly white) whose heads have been shaved for radiation treatment; occasionally one will see a child with one arm or one leg. These children are visibly sick. Down the hall is the pediatric area. Here mothers and children from south Memphis wait to see the doctor. This group is predominantly black and appears to be healthy. Their illness is invisible: Malnutrition doesn't mar children the way leukemia does.

In 1969, St. Jude Research Hospital and Memphis Area Project-South began a nutrition research program. Dr. Paul Zee, chief nutritionist at St. Jude, was primarily responsible for the hospital's interest. MAP-South, a private nonprofit community organization of south Memphis, had been concerned about hunger for some time. The two groups agreed that St. Jude would provide the medical expertise, and MAP-South would provide the community expertise and administrative manpower.

The MAP-South/St. Jude nutritional program incorporates the Supplemental Food Program and a special infant formula program into a comprehensive nutrition program that involves about 2,300 mothers and children every month. The formula is purchased by St. Jude through private donations and complements the USDA foods. The food and formula are distributed by MAP-South staff from a central warehouse in downtown Memphis. There is nothing bureaucratic about the warehouse; the four women who keep records and check off prescription cards treat the participants with warmth and friendliness.

The MAP-South target area is an 8 square mile section of south Memphis. It is urban, black, and poor. The area is characterized by unemployment, dilapidated housing, and outdoor plumbing. Joe Mullins, Director of MAP-

South, estimates that there are 52,000 people in the area. Research done in 1972 by United Way of Greater Memphis indicated that of the 52,000 people, 5,233 were children under 5. The research also revealed that 49 percent of the families were below the poverty level, and that the median annual income ranged from \$3,000 to \$7,800.

The MAP-South/St. Jude program involves a great deal of community work. St. Jude hired four nurse practitioners and four nursing assistants for the nutrition project. These eight paraprofessionals visit the homes of 1,200 program participants each month. MAP-South neighborhood workers (who were trained by St. Jude in how to identify the effects of malnutrition) make referrals to St. Jude when they find mothers and children in need of the program. Mullins says there is a great deal of community awareness about malnutrition, and he says that people understand how it affects brain development.

Funding for the program has recently become a problem. Last year the program operated on a \$500,000 grant from OEO. The grant expired in September, and since OEO was being dismantled, the program was moved to HEW. HEW initially refused to refund the program saying that it was neither a food program nor a research program, "but a combination of the two so it would not fit into a funding pigeonhole." After September the program operated on month-to-month funding provided by ALSAC, the fund-raising group for St. Jude.

Finally, in December, OEO responded to St. Jude's need and provided \$261,000. In January, it made an additional grant of \$129,000 bringing the total to \$390,000. Additionally, in January, OEO Director Alvin Arnett promised to reclassify Federal aid for the St. Jude program which would guarantee continued funding if OEO were to be disbanded.

Since the program began, Zee and his colleagues have kept medical records on the participants. Zee is emphatic about his research findings. According to Zee, acute cases of malnutrition are no longer found in Memphis, but the problem still persists. He is encouraged by the drop in the infant mortality rate in Memphis but knows that conditions have not changed enough to prevent an upsurge in the rate if the nutrition program were to end.

Zee explains that iron and vitamin A deficiencies are two of the most prevalent problems. He strongly advocates the use of iron fortified formula over evaporated milk, saying that preparing evaporated milk formula is difficult for many mothers. He explains that if the milk is too watered down, nutrients are destroyed, and if it is too thick, babies burp it up and go hungry. In January 1973, Zee issued an interim report on the findings of a study done to determine the effects of infant formula. The findings supported Zee's feeling that prepared formula is superior to evaporated milk.

In 1972, St. Jude randomly selected 250 children (out of a total of 4,000) who had participated in the Supplemental Food Program for the past 3 years. Height, weight, head circumference, hemoglobin levels, serum iron, and vitamin A and C were checked and compared with findings from a similar survey done in 1969. The comparison showed a significant improvement in height and weight growth: In 1969 the heights and weights of 50 percent of the children were under the 25th percentile (Boston grid). In 1972 only 29 percent of the heights and 39 percent of the weights were below this percentile. Anemia decreased from 25 percent in 1969 to 11 percent in 1972. Plasma vitamin A concentrations improved: In 1969 they were low in 44 percent of the children, and in 1972 they were low in only 26 percent of the children.

Zee and his staff concluded that nutrition programs were producing improvements in these low income children.

The story of Lucy, an infant born at Memphis's John Gaston Hospital, has received news coverage. Unlike some feature articles, Lucy's story does not end happily. At birth, Lucy was a normal, healthy baby weighing 6 pounds 4 ounces. Five weeks later Lucy had gained less than a pound. Lucy's mother was worried and took her to a county health clinic. The nurse at the clinic prescribed food. Lucy and her mother were referred to the MAP-South/St. Jude nutrition program. With the help of the supplemental foods, Lucy began to grow. By the sixth month, Lucy had grown to the normal height and weight for a child of her age. Lucy's head, however, had not in-

creased in size proportionally; Lucy's brain had not and will never fully develop due to the lack of proper nutrition during her first few months.

Sponsor: Memphis-Shelby County Health Department, Memphis, Tenn. Serves Shelby County—8,000 participants—monthly administrative costs: not available.

The Memphis-Shelby County Health Department also administers a supplemental program. And additional 8,000 Memphis residents participate in this program.

The county committed itself to the program in 1970 when it built three warehouses for the storage and distribution of supplemental foods. Two of the three warehouses are adjacent to county health clinics—facilitating the coordination of clinic activity and food pickup. In addition to the three warehouses, there are 15 truck stop distribution points located throughout Shelby County.

The scene on a rainy February morning at the county's South Memphis Health Center illustrates the advantages of the warehouse's proximity to the clinic. At 10 a.m. the activity is hectic. People are huddled in the foyer of the clinic having crossed the parking lot from the supplemental food office. Mrs. Dillard has just put her food in a friend's car and thinks to herself that she must ask the nurse how to prepare the farina for her 1-year-old daughter. After taking off her rain hat, she moves to a chair to wait for her appointment. There is mild confusion outside as cars edge their way back out to Mississippi Boulevard, and people dart between the clinic and the supplemental warehouse hoping not to get too wet.

Like the MAP-South/St. Jude program, the county program also includes prepared formula. An OEO grant to a community service group, the Fund for Needy School Children, provides the money for the formula.

The fund also provides volunteers for John Gaston City Hospital where in 1973, 7,000 babies were born. John Gaston has striking similarities to Grady Memorial in Atlanta; like Grady the infants born at Gaston are all high risk. All of them are eligible for the county's supplemental program. OEO's grant to the fund provides \$150,000 worth of Similac for use by children up to 6 months.

Harold Carver, Administrative Assistant to the Director of the County Health Department, explained that the department agreed to administer a supplemental program because they viewed it as a worthwhile medical program.

In Memphis, like countless other supplemental program areas, enormous strides have been made, and strong programs do exist. Yet it can only be viewed as a beginning. There are 17,000 children in Memphis potentially eligible for participation in this or a similar program. Six thousand participate; 9,000 do not.

#### MISSISSIPPI

Sponsor: Delta Health Clinic, Mound Bayou, Miss. Serves rural Bolivar County—1,550 participants—\$2,000 monthly administrative costs.

Mississippi Highway 61 runs south from Memphis through the Delta to Greenville and on to historic Vicksburg. Mound Bayou is 100 miles south of Memphis. If the light in town is red, you might see the Taborian Hospital to the left of the road, and the "Delta Health Clinic" sign to the right of the road. If, on the other hand, the light is green, you might swear to have seen no town before reaching Lexington, 20 miles down Highway 61.

The Delta Health Clinic is a large impressive structure which sits in what might have once been a cotton field. The Delta Health Clinic is unique and so is Mound Bayou: it is Mississippi's only all black community.

The clinic (once affiliated with Tufts University, now funded by HEW) provides comprehensive health care to the people of Bolivar, Sunflower, and Coahoma Counties. Black patients are treated by black doctors, black dentists, and black nurses at a medical facility that is run by black administrators.

One of the programs available to residents of Bolivar County is the Supplemental Food Program. There are 1,550 residents of the county participating in the program now located in Mound Bayou.

Mound Bayou's supplemental program is another one of those that have recently had funding difficulties. From March 1972 to March 1973, the program was funded through an OEO Emergency Food and Medical Services grant. When the grant ended, the clinic adequately funded the supplemental program until the clinic was shifted from OEO to HEW. This shift resulted in a \$2 million cutback in the budget. When the board of directors of the clinic reassessed the clinic's capabilities with a smaller budget, funds to run the supplemental program were cut.

On October 5, the program was forced to close. Ten thousand dollars requested from the Bolivar County board of supervisors, and when the money was granted from revenue sharing funds, the program reopened in mid-December.

The program continues to operate, but today it is slightly different. With the EFMS funding there was a staff of 21 including a full-time nurse, and until June 1973, there were 11 distribution centers in the county. The nurse and a number of nutrition assistants made nutrition education an integral part of the program.

Today a staff of four full-time and three part-time employees works out of the one remaining distribution center in Mound Bayou. This center handles 1,500 participants a month. Ruth Thena Thompson, administrative director of the program, explained that although the change in June from 11 to 1 center did not increase the participation numbers as much as had been expected, participation did drop off sharply from August to January during the confusion over the source of administrative funds. Thompson feels that participation will increase rapidly in the next couple of months, and soon involve the still-eligible previous participants.

In January it cost \$1,991 to run the program. The revenue sharing money is expected to last through April; by then it is hoped that additional outside grants will have been received.

The program compliments the work of the clinic; according to Roger Morris, the clinic's interim director, a nutrition program is vital to the county. The supplemental program adds to the clinic's comprehensiveness and contributes to its ability to provide excellent health care to the residents of Bolivar County.

Sponsor: Community Health Improvement Program, Lexington, Miss.  
Serves rural Holmes County—1,800 participants—\$2,222 monthly administrative costs.

North of Jackson is Holmes County, the location of the second and only other supplemental program in Mississippi. Holmes County is rural and poor. Until recently, children there were raised on potato water.

The supplemental program is an integral part of the Community Health Improvement Program. CHIP (a program of the University of Mississippi's Medical School) began in Holmes County in 1969. Holmes was selected because of the county's high infant and maternal mortality rates.

Because they have participated in the supplemental program, countless families have been introduced to the health clinic. In January 1974, 1,800 mother and children participated in the supplemental program as part of their comprehensive health care. Mrs. W. Cox, CHIP nutritionist, says, "The Supplemental Food Program pulled people into the health department. Many of the people who are participating today never knew about the health clinic."

The CHIP staff includes a nutritionist, three nutrition assistants, and three women trained in nurse midwifery. CHIP works with the county health department teaching proper nutrition, counseling individuals about proper diets, and delivering babies.

Ms. Carter is pregnant; her third child is due in July. She is watching her weight as suggested by the nurse at the clinic. Ms. Carter knows the clinic well these days; she attends scheduled prenatal classes and regularly brings her children to the clinic. Two years ago someone from CHIP came to her house to tell her about the Supplemental Food Program. She became a participant in the supplemental program and soon was attending the county health department. At the time of CHIP's initial visit, Ms. Carter was pregnant with her second child. Her second has been much healthier than her first. Ms. Carter feels the foods of the supplemental program have made the difference.

CHIP and the supplemental program have brought remarkable changes to Holmes County. To begin with, where babies were once born at home, today they are born in Holmes County Hospital. Along with their mothers, they receive good medical attention. Today poor people regularly attend health clinics. A CHIP nutrition assistant explains that she never took her children to the clinic when they were growing up. The clinic was not part of her family's world. But she is quick to say that today every family in the county goes to clinics.

Many people recognize the changes, and there is widespread support for CHIP and the supplemental program. The President of the County Board of Supervisors, Mr. B. Taylor, states: "I am 100 percent behind the program \* \* \* if kids don't get milk, they will grow up improperly." Taylor knows that many county residents can't afford to buy milk, and he has supported the program since its inception. During the early days of CHIP, Taylor used his influence to see that CHIP staff were allowed to visit all families despite objections from some landowners. Jean McClellan, Director of the County Welfare Department, endorses the program saying that it has helped lower the infant mortality rate and lessened the incidences of high blood pressure.

#### NEBRASKA

Sponsor: Douglas County: Food Stamp Office, Omaha, Nebr. Serves Omaha and Douglas County—2,000 participants—\$2,000 monthly administrative costs.

In Omaha, Similac costs 43 cents a can, evaporated milk cost 28 cents a can, and a 4-pound box of instant nonfat dry milk costs \$3.69. Milk in any form is expensive.

But for Nebraskans who live in Omaha, milk is available through the Supplemental Food Program. About 2,000 people participate in the program in Douglas County (Omaha). These Nebraskans are lucky; this is the only supplemental program in the State.

Health professionals throughout Omaha are enthusiastic about the program. Maxine Birch, nutritionist with OB-GYN at the Creighton Health Care Center, states that "it is undoubtedly the best support that dietitians, nutritionists and health officials have had to relate food to health." Dr. Nayak, staff pediatrician at the Clark Street Clinic, explains that milk, juice, and cereal are the basis of infant feeding, and that the supplemental program provides the essential foods needed by infants. Sister Joan Miriam, Supervisor of the Clark Street Clinic, in reference to adequate nutrition for infants and children says, "If you neglect that part, all the medical attention in the world won't help."

The program is administered by Douglas County through the food stamp office. According to Richard Kenney, food stamp director, it costs about \$2,000 a month to run the program or just a little over \$1 per person. Kenney feels that the program is good, inexpensive preventative medicine.

#### IOWA

Sponsor: Polk County Department of Social Services, Des Moines, Iowa. Serves Polk County; marginally serves Jasper, Marion, and Warren Counties—1,700 participants—\$4,800 monthly administrative costs.

Many people think of food when they think of Iowa. It is hard to imagine that some Iowans don't have enough food when so much of it is grown there. But for families who participate in the Supplemental Food Program, Iowa is not the land of plenty.

Until 1973 many of the supplemental programs in Iowa were administered by Community Action Agencies. CAA's used Emergency Food and Medical Service grants to fund the programs. In the spring of 1973, as a number of EFMS grants expired, the future of many supplemental programs became uncertain. Nationally, EFMS money had been slashed, and local programs in Iowa were feeling the pinch. Eventually, 12 of Iowa's supplemental programs were forced to close. However, 31 programs were able to remain open. Some of these programs were maintained by CAA's, others were transferred to county departments.

The supplemental program in Polk County survived the cut-backs. Until July 1973, the CAA, Greater Opportunities Inc., financed the supplemental program in Polk, Jasper, Marion, and Warren Counties. In July, after sustained pressure from the low income community, Polk County agreed to fund the program and transferred it from the CAA to the Polk County Department of Social Services.

Jasper, Marion, and Warren Counties were not interested in full scale programs; as a result, today there is one distribution day in each of these three counties. Greater Opportunities covers the cost of this marginal activity.

Polk County's supplemental program is located in the basement of an old high school gym not far from downtown Des Moines. The staff has been with the program since the early days of OEO funding. They run an efficient program providing food, nutrition education, and an excellent social service referral system.

Marilyn Russell, Director of Polk County's Public Health Nursing Association, has met families whose resources are so depleted at the end of the month they are forced to depend solely on the food they get through supplemental program.

Ms. Russell shakes her head when she talks about the vicious cycle that begins when a baby does not have enough to eat. She recalls an infant who at 6 months had a low iron count, and at a year was underweight. During her second and third years the child was frequently sick. Ms. Russell mentions the likelihood that the child may have difficulty in school, and how this will trigger another set of problems. Ms. Russell knows that some babies at Broadlawn, Des Moines's city hospital, are born into the cycle by mothers who are themselves still caught in the cycle. She stated, "We ought to be able to get in there and break this cycle." The supplemental program is a good beginning.

#### CONCLUSION AND RECOMMENDATIONS

Sally Gatewood and Susie Edwards were born on the same day in two Washington, D.C., hospitals. Four years later they are happy, healthy little girls. Sally's health is no surprise. But Susie's health is a big surprise. She is much healthier than either her 5-year-old sister or her 6-year-old brother.

Sally is the first one in her family to participate in the Supplemental Food Program. She is the first child her mother has taken to well-baby clinics and pediatric clinics. There are thousands of children like Sally who are healthy today because they participate in the supplemental program.

The Supplemental Food Program is an extremely valuable health program. In many clinics it is a vital aspect of comprehensive health care. The program introduces hundreds of families to health clinics and initiates their involvement in regular preventive health care activity.

Doctors, nurses, program administrators, and participants are horrified by the possibility that the Supplemental Food Program might end.

The Children's Foundation feels it would be dangerous to abandon the program. The Foundation strongly believes that *the Supplemental Food Program must continue, and recommends:*

That the policy of closing Supplemental Food Programs when food stamp programs begin be immediately rescinded;

That programs restricted to serving mothers and infants be expanded to include children through age five;

That quotas placing arbitrary ceilings on participation be eliminated;

That USDA substitute equivalent foods when shortages occur;

That administrative funds for programs be provided by USDA, and

That the program be expanded to areas which have no Supplemental Food Program.

*The May 1971 USDA policy of closing Supplemental Food Program when food stamp programs begin must be rescinded immediately.* It is illogical, unfair, and probably illegal. The 14,000 participants of the 84 programs in commodity distribution counties should not be forced out of the supplemental program by the beginning of the food stamp program. Today 108 programs in food stamp areas operate successfully without the warehouse system of the family commodity programs.

*The April 1970 USDA policy of restricting participation to infants and mothers in 32 programs must be revoked.* It severely limits the potential effectiveness of the programs. All eligible children under six ought to be allowed to participate and benefit as they are in the other 175 programs.

*The April 1969 policy of imposing quotas and arbitrarily limiting participation must end.* Such quotas are prohibited in the major children's food service programs. Furthermore, this contradicts the President's commitment that no American child will go hungry. Programs must include all the eligible mothers and children in the program area.

*USDA must provide equivalent substitutions when shortages occur.* If there is a shortage of an item, USDA must purchase a substitute item which provides the same level and kind of nutrition. For instance, if evaporated milk is not available, formula must be purchased.

*The initial policy refusal to provide administrative funds must be reversed.* USDA must use its discretionary authority to provide administrative funds.

*The program must be expanded to areas which have no Supplemental Food Program.* As President Nixon said in 1969, "Too many mothers and young babies do not receive life saving care." The White House Conference on Food, Nutrition and Health of 1969 cited low-income pregnant and nursing women and young children as being at the greatest nutritional risk of any segment of our population. Yet, today, only 150,000 nutritionally needy women and young children are being reached.

#### APPENDIX A

##### USDA REGIONS BY STATE

NORTHEAST	Michigan
Connecticut	Minnesota
Delaware	Missouri
District of Columbia	Nebraska
Maine	Ohio
Maryland	Wisconsin
Massachusetts	WEST CENTRAL
New Hampshire	Arkansas
New Jersey	Colorado
New York	Louisiana
Pennsylvania	Montana
Rhode Island	New Mexico
Vermont	North Dakota
West Virginia	Oklahoma
SOUTHEAST	South Dakota
Alabama	Texas
Florida	Utah
Georgia	Wyoming
Kentucky	WESTERN
Mississippi	Alaska
North Carolina	Arizona
South Carolina	California
Tennessee	Hawaii
MIDWEST	Idaho
Illinois	Nevada
Indiana	Oregon
Iowa	Washington
Kansas	

#### APPENDIX B

##### STATES WITH ONE SUPPLEMENTAL PROGRAM

Alabama	Michigan
Connecticut	Nebraska
Idaho	New Jersey
Kentucky	Pennsylvania
Massachusetts	Washington

## STATES WITH NO SUPPLEMENTAL PROGRAMS

Alaska	New Hampshire
Arizona	New Mexico
Delaware	Ohio
Florida	Oklahoma
Hawaii	Rhode Island
Indiana	Texas
Maine	Vermont
Maryland	Virginia
Montana	West Virginia

## APPENDIX C

## PROGRAMS SCHEDULED FOR TERMINATION

ALABAMA	Osage
Elmore	Perry
CALIFORNIA	Pettis
El Dorado	Pike
Inyo	Platte
Lake	Pulaski
Ventura	Ralls
GEORGIA	Reynolds
Clarke	Ripley
DeKalb	St. Charles
Fulton	St. Genevieve
Gwinette	Saline
Rockdale	Shannon
KANSAS	Taney
Migrant Health Service	Warren
KENTUCKY	Wayne
Warren	Webster
MASSACHUSETTS	NEVADA
Boston	Lyon
MISSOURI	Mineral
Atchison	White Pine
Barton	NORTH CAROLINA
Bollinger	Alleghany
Boone	Ashe
Callaway	Caldwell
Camden	Camden
Cass	Cherokee
Chariton	Gaston
Christian	Gates
Clay	Guilford
Cole	Haywood
Cooper	Madison
Dade	Pasquotank
Hickory	Perquimans
Iron	Rowan
Jasper	Rutherford
Jefferson	Wake
Lafayette	Washington
Lawrence	Yancey
Macon	OREGON
Madison	Clackmas
Miller	Clatsop
Montgomery	Crook
Morgan	Jefferson
Oregon	Malheur
	Tillamook

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