WELFARE REFORM RECONCILIATION/No Food Stamp Block Grant Option

SUBJECT: **Personal Responsibility and Work Opportunity Act of 1996 . . . S. 1956. Conrad amendment No. 4934.**

ACTION: AMENDMENT AGREED TO, 53-45

SYNOPSIS: As reported, S. 1956, the Personal Responsibility and Work Opportunity Act of 1996, will enact major welfare reforms. The Aid to Families with Dependent Children (AFDC) program will be replaced with a new Temporary Assistance for Needy Families (TANF) block grant to the States. The TANF block grant will be capped through 2001. Time limits will be placed on individuals receiving TANF benefits. Overall, the growth in non-Medicaid welfare spending will be slowed to 4.3 percent annually. The bill originally included major Medicaid reforms, but most of those provisions were stricken when the bill was reported. Without those Medicaid reforms, welfare spending will still be reduced by $61.4 billion over 6 years.

The Conrad amendment would strike the option for a qualifying State to receive Food Stamp Program funding as a block grant at its fiscal year (FY) 1994 funding level.

Those favoring the amendment contended:

The Conrad amendment would eliminate the block grant option because it is unnecessary and dangerous. It is unnecessary because this bill will give States enough flexibility to reform the Food Stamp Program without block granting it. Reforms include the following: States will be allowed to set their own food stamp benefit rules for families that receive TANF benefits; States will be allowed to convert food stamp benefits to wage subsidies that will be provided to employers; States will be allowed to disqualify custodial parents who do not cooperate with efforts to establish paternity or child support orders, or who fail to make child support payments; Federal requirements for employment and training programs will be repealed, leaving it up to the States to decide how to run such programs; Federal rules making it difficult to implement electronic benefit systems will be repealed; and numerous other administrative rules will be repealed. These reforms will give the States ample room to implement innovative reforms that will make the Food Stamp Program more efficient and effective.

(See other side)

YEAS (53)			NAYS (45)			NOT VOTING (2)	
Republicans (6 or 12%)	**Democrats (47 or 100%)**		**Republicans (45 or 88%)**		**Democrats (0 or 0%)**	**Republicans (2)**	**Democrats (0)**
Campbell	Akaka	Inouye	Abraham	Hatch		Kassebaum-[4]	
Chafee	Baucus	Johnston	Ashcroft	Helms		Thomas-[2]	
Hatfield	Biden	Kennedy	Bennett	Hutchison			
Jeffords	Bingaman	Kerrey	Bond	Inhofe			
Snowe	Boxer	Kerry	Brown	Kempthorne			
Specter	Bradley	Kohl	Burns	Kyl			
	Breaux	Lautenberg	Coats	Lott			
	Bryan	Leahy	Cochran	Lugar			
	Bumpers	Levin	Cohen	Mack			
	Byrd	Lieberman	Coverdell	McCain			
	Conrad	Mikulski	Craig	McConnell			
	Daschle	Moseley-Braun	D'Amato	Murkowski			
	Dodd	Moynihan	DeWine	Nickles			
	Dorgan	Murray	Domenici	Pressler			
	Exon	Nunn	Faircloth	Roth			
	Feingold	Pell	Frahm	Santorum			
	Feinstein	Pryor	Frist	Shelby			
	Ford	Reid	Gorton	Simpson			
	Glenn	Robb	Gramm	Smith			
	Graham	Rockefeller	Grams	Stevens			
	Harkin	Sarbanes	Grassley	Thompson			
	Heflin	Simon	Gregg	Thurmond			
	Hollings	Wellstone		Warner			
		Wyden					

EXPLANATION OF ABSENCE:
1—Official Buisiness
2—Necessarily Absent
3—Illness
4—Other

SYMBOLS:
AY—Announced Yea
AN—Announced Nay
PY—Paired Yea
PN—Paired Nay

If a State takes funding as a block grant, though, the results would likely be disastrous. The primary problem will be that States will be unprepared to respond to unexpected disasters. For instance, when Florida was struck by Hurricane Andrew its food stamp outlays skyrocketed to $1.4 billion. If it had opted to take a block grant of $440 million it would have had a $1 billion shortfall. Our colleagues tell us that the Federal Government gives disaster aid, but it does not cover all of the costs--States also must come up with funds. In such a situation, it is not likely that a State will be able or willing to come up with an extra $1 billion in spending for food stamps. Instead, it will likely cut benefits, and people will go hungry. The Food Stamp Program was enacted a couple of decades ago because Congress made the decision that in this land of plenty none should go hungry. Before that decision was made there were some impoverished regions in America with severe malnutrition problems. We do not want to risk returning to those days. Another problem with allowing States to take funds as a block grant is that there are some parts of this program that they just cannot run as well as the Federal Government can. For instance, the Department of Agriculture has in place a sophisticated computer program that can detect suspicious food stamp redemption patterns. This program has been used to uncover fraud. Only a handful of States have similar capabilities.

The way this bill is drafted, only a few States will be allowed to take this block grant option immediately, but within a few years 40 States will qualify. Thus, within a few years, this highly successful social program may be effectively eliminated. We strongly oppose that result. We favor reforming, not eliminating, the Food Stamp Program. We therefore urge the acceptance of the Conrad amendment.

Those opposing the amendment contended:

Last year's welfare reform bill that passed the Senate 87 to 12 had a block grant option in it that would have been a lot easier to exercise than the block grant option that is in this bill. Last year's bill provided that a State would have to spend 85 percent of its grant money on food. This bill will require that 94 percent be spent on food. This is a high hurdle, considering that the average administrative costs of the current program are 12 percent. Thus, as a condition of receiving funds as a block grant, States will have to cut the total administrative costs of running the program at least in half. Also, to deal with fraud concerns, States will be required to have an error rate above 6 percent or else have an electronic benefits system that can detect fraud. If States do not meet these criteria, they will only be allowed to participate if they put up additional money that will make up for the amount lost due to fraud. Another condition that will make sure that States set up adequate systems is that their plans will have to be approved by the Federal Government. If they do not have a plan that will ensure that their needy citizens will be fed, including in times when they have greatly increased numbers of needy citizens, then their plans will not be approved. Our expectation is that States that exercise the option of receiving funding as a block grant will come up with plans to establish rainy day funds. The bill will allow them to set aside up to 10 percent of their grants each year, up to a total of 30 percent of their annual Federal grants, in such funds. Then, when unexpected needs arise, such as from a sudden increase in unemployment or from a natural disaster, they will have funds readily available. Either way, though, they will have to provide food assistance as detailed under their plans. Finally, the provisions in this bill will allow States that have opted to take the block grant to opt out of the program later if they fail in their reform efforts. Once they opt out, they will never again be eligible for block grant funding.

The twin purposes of all of the Federal regulations for the Food Stamp Program (the Department of Agriculture has written more than 900 pages of such regulations) are to slow its phenomenal rate of growth and to cut the amount of waste, fraud, and abuse. This program did not even exist until the early 1970s, but it now feeds 1 out 10 Americans at an annual cost of $25 billion. Further, according to a 1995 General Accounting Office report, it loses $2 billion annually to fraud. Clearly, the 900 pages of Federal regulations telling States how to run the program are not working either to restrain its growth or to cut its rate of fraud. Many States believe that they will be able to do a much better job if the Federal Government removes its regulations. Certainly we applaud the reforms in this bill; lessening regulations will help. Removing them, though, would do much more good.

States deserve to have this option. They have done a vastly better job of managing their affairs in recent years than has the Federal Government. They have instituted successful welfare reform proposals; they have balanced their budgets; they have cut taxes. The argument that States will prove unable to run this program well without Federal guidance, and that people will consequently go hungry, just does not square with the evidence. Goodness and wisdom are not confined to Washington, D.C. (at times it seems as if they are prohibited). Those States that think they can do a better job of running this program without Federal regulations should be given the opportunity to try. Therefore, we strongly urge the rejection of the Conrad amendment.