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GAO

United States General Accounting Office
Washington, DC 20548

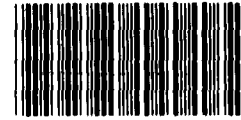
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Human Resources
Division

B-200213

October 14, 1980

The Honorable Paul Findley
House of Representatives



113656

Dear Mr. Findley:

Subject: Alleged Intervention of the Food Research and Action Center (FRAC) into Certain Food Stamp Program Activities (HRD-81-16)

In your November 1, 1979, letter, you and 19 other Members of Congress requested that we review certain activities of the Food Research and Action Center (FRAC). You expressed concern that FRAC was using Federal funds to interfere with the implementation of workfare pilot projects authorized under section 17(b)(2) of the Food Stamp Act of 1977. A copy of your letter is enclosed.

FRAC is a private, nonprofit corporation supported primarily by the Community Services Administration (CSA) under its Community Food and Nutrition Program. This program is authorized under section 222(a)(1) of the Economic Opportunity Act of 1964, as amended.

After we completed preliminary work in response to your request, we met with staff members of the Senate Committee on Agriculture, Nutrition, and Forestry and the House Committee on Agriculture on April 8, 1980, to discuss the scope of our review. At the meeting, it was agreed that we would review and report on the financial and operating activities of FRAC, and would also address the questions you raised as to whether FRAC had violated statutory prohibitions on the use for which the Federal funds were provided.

It was also agreed that our Community and Economic Development Division, as part of their review of the workfare demonstration projects, would ask project officials the extent to which advocacy groups may have interfered with the projects,

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and if such activities had an adverse effect on the projects. The results of their review will be included in their overall report on workfare demonstration projects.

As requested, we reviewed the 10 FRAC newsletter-type mailings selected by your staff to determine whether any Federal laws and regulations prohibiting the use of Federal funds for lobbying purposes had been violated. We determined that two mailings, dated June 23, 1978, and August 3, 1979 (see encs. V and VI), violated grant terms and conditions and CSA regulations that must be consistent with anti-lobbying restrictions in section 607(a) of the Treasury, Postal Service, and General Government Appropriation Acts of 1978 and 1979. Because the funds for these mailings were illegally expended, we will request CSA to recover the improper expenditures from FRAC, to review its internal anti-lobbying regulations to ensure that they are consistent with our decisions on this subject, and to provide notice to grantees of this prohibition.

Enclosed is a summary of the results of our review, including answers to the specific questions you had about FRAC's activities. Also, as requested by a member of your staff, we are enclosing (1) copies of your letters to CSA concerning FRAC's activities with regard to workfare projects and their replies to you and (2) a schedule showing the programs and the number of grantees funded by CSA for fiscal years 1977 through 1979.

As arranged with the Committee's staff, unless you publicly announce its contents earlier, we plan no further distribution of this report for 30 days after its issuance. At that time, we will send copies to interested parties and make copies available to others upon request.

Sincerely yours,



Gregory J. Anart
Director

Enclosures - 7

REVIEW OF ALLEGED IMPROPER USE OF
FEDERAL FUNDS BY THE FOOD RESEARCH
AND ACTION CENTER TO INTERFERE WITH
THE FOOD STAMP WORKFARE PROGRAM

INTRODUCTION

FRAC is a private, nonprofit organization primarily funded by the Community Services Administration (CSA). FRAC also receives financial support from churches and foundations.

FRAC uses its funds to help ensure, through advocacy efforts at the national, State, and local levels, that the various Federal food programs work effectively and efficiently to meet the nutritional needs of the Nation's poor. It attempts, through a staff of attorneys and field workers, to provide training and technical assistance to State and local groups who, in turn, assist FRAC in efforts to improve the legislation, regulation, and administration of Federal food programs.

FRAC funds received from both Federal and non-Federal sources for the period of October 1, 1976, through December 31, 1979, are shown below:

	<u>Funding period</u>		
	<u>Oct. 1, 1976,</u> to <u>Dec. 31, 1977</u>	<u>Jan. 1, 1978,</u> to <u>Dec. 31, 1978</u>	<u>Jan. 1, 1979,</u> to <u>Dec. 31, 1979</u>
CSA	\$1,007,176	\$657,680	\$672,417
Non-Federal	<u>103,000</u>	<u>172,750</u>	<u>61,750</u>
Total	<u>\$1,110,176</u>	<u>\$830,430</u>	<u>\$734,167</u>

We focused our review on determining (1) the source and use of Federal funds received by FRAC and whether these funds were commingled with non-Federal funds and (2) whether any of FRAC's activities using Federal funds were contrary to the purpose for which they were provided or contrary to Federal programs authorized or mandated by law.

In determining the source and use of FRAC's Federal funds, we (1) interviewed CSA, Department of Labor, Department of Agriculture, and FRAC officials; (2) reviewed FRAC's financial statements and records for calendar years 1978-79; and

(3) reviewed certified public accountant reports on FRAC's administration of CSA-grant funds. We also traced a sample of transactions through the books of account.

In evaluating the propriety of FRAC's use of Federal funds, we reviewed pertinent laws and regulations, determined the source of funds used to pay lobbying expenses, and reviewed a sample of FRAC's mailings to determine whether any laws or regulations regarding lobbying were violated.

Use of Federal funds

Our review of the source and use of Federal funds by FRAC showed that it receives such funds only from CSA.

Below are the answers to your specific questions regarding the source and use of FRAC's funds.

1. What is the source of FRAC (or its subsidiaries or affiliates) funds?

Our review showed that FRAC receives Federal funds only from CSA. These funds are provided under grants. All other funds received are from non-Federal sources. CSA and FRAC officials stated that FRAC does not have any subsidiaries or affiliates.

2. What are the general limitations (use or otherwise) related to Federal funds?

CSA grant funds are to be used by FRAC to (1) implement legal strategies to improve the responsiveness of Federal food programs; (2) train and maintain field staff to assist antihunger advocate groups to improve Federal food programs through legislation, regulation, and better administration of the programs; (3) ensure that food stamp programs provide low-income persons with benefits that meet their needs; and (4) act as a clearinghouse to facilitate the maximum understanding of the Food Stamp Act.

The grants are subject to the general conditions covering CSA grants provided for under the Economic Opportunity Act of 1964, as amended, and any special conditions of the grant, and CSA directives.

Basically, funds can be expended only on those activities described in the approved "Statement of

CSA Grant" and its attachments or in CSA approved written amendments to the Statement of CSA Grant.

CSA regulations place certain restrictions on the use of CSA funds for lobbying. These regulations provide that funds may not be used to support the following:

- Any activity that is planned and carried out in such a manner as to disrupt the orderly conduct of business by the Congress or any other legislative body. This includes, but is not limited to, any disruptive action carried on in the chambers of the Congress or any other legislative body or in any capitol or legislative office building.
- Any demonstration, rally, picketing, or other form of direct action aimed at the family or home of a member of a legislative body for the purpose of influencing his actions as a member of that body.
- Any campaign of advertising carried on through commercial media for the purpose of influencing the passage or defeat of legislation.
- Any campaign of letter writing, of other mass communications, or of mass visits to individual Members of Congress or State legislatures for the purpose of influencing the passage or defeat of legislation. This restriction does not prohibit purely informational and educational activities involving target areas and groups.

Also, grant funds may not be used to pay dues or to support any organization or group that devotes or contributes any of its resources from whatever source to any activity, with the purpose to influence legislation or to politicize--the amount of resources devoted to such activity is immaterial.

In addition, CSA regulations prohibit an employee or volunteer of a grantee agency, while performing his duties, from:

- Planning, participating in, or providing assistance to others in carrying out any form of direct action that is in violation of Federal, State, or local

law or an outstanding injunction of any Federal, State, or local court.

--Planning, participating in, or providing assistance to others in carrying out any form of direct action that is designed with the intent to involve physical violence, destruction of property, or physical injury to persons. On the contrary, local agency staff should affirmatively do what they can to prevent such activities and to discourage any direct action that is violent in manner or purpose or is calculated to incite civil disorders.

--Committing any action in connection with riots, political activity, or lobbying, that are prohibited by CSA.

3. Are Federal grants or funds commingled by FRAC with funds obtained from other non-Federal sources? Does the accounting system allow for the proper identification of the source and disbursement of funds?

Uniform Federal Standards for administering grants, contained in the Office of Management and Budget and Federal Management circulars and implemented by CSA, do not require physical segregation of cash depositories for Federal funds which are provided to a grantee, and impose standards for financial management systems of grantees. These standards include (a) effective control over and accountability for all funds, property, and other assets; (b) accounting records that are supported by source documentation; and (c) records that identify adequately the source and application of funds for CSA-sponsored activities.

FRAC does physically commingle Federal and non-Federal funds in one bank account against which checks are drawn to pay expenses. Funds received by FRAC are deposited into different bank accounts, depending on their source, and identified as to their source. Based on estimated needs to meet expenses, funds from the various cash accounts are transferred periodically into the Operating Account, (cash account no. 5) against which checks are drawn to pay the majority of FRAC operating expenses. Some funds are disbursed from cash account no. 6 to pay for expenses connected with work for American Indians. However, the expenditures are coded as to the sources of funds to be

charged and recorded in the accounting records as charges against the fund source, (See p. 13 for a diagram of FRAC's flow of funds).

Our tests of selected transactions (see pp. 5 and 6) showed that FRAC's accounting system adequately identifies the source and application of funds for CSA-sponsored activities, and that the accounting records are adequately supported by source documentation. Therefore, we have concluded that FRAC's financial management system meets the requirements of the Uniform Federal Standards.

4. Were receipts and expenditures of CSA funds properly identified and recorded in FRAC's accounting system?

To determine if the accounting system adequately identifies and accounts for all CSA funds received and disbursed, we (1) examined all CSA grants awarded FRAC for calendar years 1978 and 1979, (2) tested a sample of transactions in selected expense categories for one quarter in each year, and (3) examined the documents supporting the transactions and traced the postings of the transactions to the books of account.

The expense categories and the quarters selected for sampling purposes and the basis for such selection follow.

--Calendar year 1978:

(a) The selected expense categories were: (1) consultant and professional, (2) travel conference and meetings, (3) printing and reproduction, (4) cost of publications for sale, (5) postage and freight, (6) conferences, (7) consumable supplies, and (8) workshops and seminars. These expense categories were selected because, in our opinion, an analysis of actual expenditures charged to them would disclose whether Federal funds were used for unauthorized activities. This analysis was necessary to respond to your concerns on the propriety of FRAC's activities as discussed below.

(b) Quarter ending September 1978 was selected because, compared with other quarters, (1) total expenditures were higher; (2) a larger percentage of the total expenses incurred was for the selected

expense categories; and (3) a high percentage of the expenses was incurred for travel, conferences, and meetings.

--Calendar year 1979:

(a) The selected expense categories were the same used for the calendar year 1978 sample.

(b) Quarter ending December 1979 was selected because it had a higher proportion of charges to lobbying (8 percent) compared to other quarters.

Our examination showed that all receipts of CSA funds during calendar years 1978 and 1979 were correctly identified and recorded. We also found that all expenditures sampled were correctly identified and recorded in FRAC's financial records.

Propriety of activity

Another of your concerns was FRAC's apparent opposition to workfare and specifically its statement in a mailing to food stamp advocates dated January 8, 1979, advising its readers to "monitor and hassle," food stamp workfare demonstration projects. You questioned whether Federal laws were being violated if any agency of the Federal Government was knowingly or unknowingly funding activities or organizations, such as FRAC, to oppose or disrupt authorized Federal pilot projects.

Our review disclosed two instances where CSA regulatory restrictions and grant terms, which were required to be consistent with applicable legislation governing the use of these funds, had been violated.

The following are answers to your specific questions regarding the propriety of the use of Federal funds by FRAC to influence Federal administrative action or legislation.

1. What were the authorized purposes for which CSA funds were provided?

FRAC receives grant funds from CSA under its Community Food and Nutrition Program-Training and Technical Assistance. The CSA grant documents describe FRAC's authorized activities as follows: FRAC seeks through advocacy efforts at the national,

State, and local levels (through antihunger coalitions and other community-based organizations and groups) to ensure that the various Federal food programs work effectively and efficiently to meet the nutritional needs of the Nation's poor. It attempts through a staff of attorneys and field workers to provide training and technical assistance to State and local groups who, in turn, assist FRAC in efforts to improve the legislation, regulations, and administration of Federal food programs.

2. Are any of FRAC's activities contrary to law or regulations which prohibit lobbying with Federal funds?

Since the early 1950s, various appropriation acts have contained general provisions prohibiting the use of appropriated funds for "publicity or propaganda purposes designed to support or defeat legislation." Section 407 of the Department of Labor and Health, Education, and Welfare (HEW) Appropriation Act, 1977 (Public Law 94-439, Sept. 30, 1976), which appropriated funds for CSA for fiscal year 1977, contained such a restriction.

During fiscal years 1978 and 1979, CSA was funded under the authority of several continuing resolutions, because the Labor-HEW appropriation bills were not enacted. The continuing resolutions did not explicitly include a restriction equivalent to section 407 of the 1977 act, but they provided that funds for HEW would be available "to the extent and in the manner" provided in the pending Labor-HEW appropriation bills which did include an equivalent restriction.

In any event, during that period a restriction in the Treasury and General Government Appropriation Acts was applicable to all agencies, including CSA. Specifically, section 607(a) of Public Law 95-81 (July 31, 1977), 91 Stat. 355, the Treasury, Postal Service, and General Government Appropriation Act, 1978, states:

"No part of any appropriation contained in this or any other Act, or of the funds available for expenditure by any corporation or agency, shall be used for publicity or propaganda purposes designed to

support or defeat legislation pending before Congress." (Emphasis added.)

A prohibition essentially identical to that of section 607(a) has been in each annual Treasury and General Government Appropriation Act since 1972. We have consistently construed section 607(a) as prohibiting expenditures for appeals to the public for them in turn to urge their representatives to vote in a particular manner. (56 Comp. Gen. 889, 890 (1977).)

(The other two Federal anti-lobbying statutes-- 18 U.S.C. §1913 and the Federal Regulation of Lobbying Act, 2 U.S.C. §§261-270--are penal statutes. Since penal statutes are enforced by the Department of Justice and the courts, we have no authority in this area and any comment by us about possible violations of these statutes would be inappropriate.)

The Director of CSA has promulgated regulations restricting lobbying activities by grantees:

"(a) Restrictions on lobbying with project funds. Project funds may not be used to support any of the following:"

* * * * *

"(4) Any campaign of letter writing, or other mass communications, or of mass visits to individual members of Congress or State legislatures for the purpose of influencing the passage or defeat of legislation. This restriction does not prohibit purely informational and educational activities involving target areas and groups."

The language seems to restrict only direct large-scale efforts to influence the Congress, such as letter-writing campaigns, mass communications efforts, and mass visits to Members. The appropriation act restriction prohibits using funds to support efforts to exhort even one member of the public to write, visit, or otherwise communicate with his congressional representatives urging support or defeat of pending legislation, and prohibits efforts by the agency to urge others to lobby. To be fully consistent with

this, the above-quoted regulation should be amended to prohibit using funds for any direct lobbying effort or any attempt to get others to lobby, individually as well as on a mass basis. With this change, we believe the regulations would be wholly consistent with the appropriation restriction in prohibiting the use of Federal funds for lobbying activities.

The grant agreement between CSA and FRAC provides that no funds awarded as part of the grant may be used for the purpose of lobbying. This provision, we believe, should be interpreted consistently both with CSA's regulations and with the appropriation act restriction.

We reviewed the 10 FRAC newsletter-type mailings your staff selected to determine whether applicable law and regulations prohibiting lobbying activities with Federal funds had been violated. These mailings were sent to interested parties throughout the country during 1977 through 1979. They concerned FRAC's views and activities regarding Child Nutrition and Food Stamp Program legislation and regulations. Five of these mailings contained material that could be construed as lobbying. Two of them clearly advised readers that no Federal funds had been used in their preparation or distribution. A check of FRAC accounting records revealed that another of the mailings that was not marked as to the source of funds used in its preparation had been prepared and distributed with non-Federal funds.

However, two mailings that FRAC had identified as being prepared with Federal funds appear to violate the anti-lobbying appropriation restriction.

The first, a June 23, 1978, mailing (see enc. V), described FRAC's opposition to the "workfare" pilot project, requiring certain food stamp recipients to work at public service jobs, contained in H.R. 13149, 95th Congress, which was pending before the House. The mailing described the workfare proposal as "repressive" and "a terrible precedent" and concluded with advice that, to make their views on workfare known to the Congress, readers could contact the House and Senate Agriculture committee and subcommittee chairmen, whose names and addresses were given. Those readers who decided to write the

Congress about workfare were advised to include some positive comments about governmental efforts to help poor people.

The second mailing, dated August 3, 1979 (see enc. VI), described fiscal year 1979 Food Stamp legislation and FRAC's efforts in the Congress to influence that legislation. The mailing indicated that the Food Stamp Amendment of 1979 had just been passed by the Congress and sent to the President.

The last section of the mailing was captioned "AND NEXT?". Under this section FRAC mentioned that it expected difficulty in trying to influence the House to remove the budget cap on fiscal years 1980 and 1981 programs. FRAC said it was attempting to develop a process to make sure that readers were "more involved in that effort--both in formulating legislative positions and in lobbying." In anticipation of congressional consideration of legislation starting in September 1979, FRAC said "many advocates are trying to set up meetings with their representatives during the August recess, especially those members on the Agriculture Committee." FRAC pointed out that two programs in which it had a vital interest, the Child Nutrition and Food Stamp Programs, were competing against each other for limited available funds. It concluded that: "Therefore, your efforts at lobbying (as well as ours) could well become more difficult because we won't be able to focus solely on one issue."

An analysis of the material in this mailing leads us to the conclusion that FRAC was encouraging readers to visit Members to urge support for Food Stamp and Child Nutrition Program legislation that would be considered by the Congress in the fall of 1979 and the spring of 1980. FRAC emphasized its objective to persuade the Congress to remove the fiscal years 1980 and 1981 budget caps from these two programs. Authorization legislation implementing these caps is considered and enacted by the Congress on an annual basis. Through this mailing FRAC was inviting readers to engage in lobbying efforts to influence this appropriation authorization legislation. In these circumstances, where authorizing legislation is introduced and considered annually and where FRAC was explicitly directing its efforts toward

legislation it knew would soon be under consideration, the mailing constituted prohibited lobbying notwithstanding that, at the time it was sent, the authorization bill for the next fiscal year had not yet been introduced.

An evaluation of these two federally funded mailings leads us to conclude that FRAC was exhorting readers by clear inference to contact their congressional representatives and urge support or defeat of legislation affecting the Food Stamp and Child Nutrition Programs. This kind of activity by agencies with appropriated funds is prohibited by section 607(a) of the Treasury, Postal Service, and General Government Appropriation Acts for the years in question. Reading the grant terms in light of the intent of that statute, we believe that the use of program funds for the preparation and distribution of these two mailings constitutes a violation of the terms of the grant agreement prohibiting lobbying with grant funds, and of CSA regulations (42 CFR §1069.6), both of which must be consistent with section 607(a).

We informally advised the CSA General Counsel and FRAC representatives of our preliminary determination that two of the mailings violated law and regulations prohibiting the expenditure of Federal funds for lobbying activities. Both disagreed with us.

The CSA General Counsel's objections generally reflected FRAC's oral objections. (See enc. VII.) He said CSA was unaware that the generally applicable anti-lobbying restriction, which has been included in every Treasury, Postal Service, and General Government Appropriation Act since 1972, was applicable to CSA. CSA was also unaware of several of our decisions that construed the restriction. Since CSA was unaware of the restriction, the General Counsel had not determined whether the mailings had violated it. He added that the material in the two mailings did not violate the CSA regulation (42 CFR §1069.6) which prohibits using program funds to support letter-writing campaigns or mass visits to Members of Congress urging support or defeat of legislation. The General Counsel argued that the material was educational and informational and did not take a firm position on the legislation. He also contended that the mailings did not request any action of the readers.

Although the interpretation by an agency of its own regulations is entitled to considerable weight, we disagree with the General Counsel. In our opinion, the material clearly indicated that FRAC is very much opposed to both the workfare provision and the budget caps and possible funding cutbacks for the Child Nutrition and Food Stamp Programs. In the first mailing, readers were told they could write congressional committee chairmen at the addresses provided to express their views on the workfare provision. In the second mailing, they were told that other readers were already arranging meetings with Members of Congress in their home districts during the summer recess in support of full funding for the Food Stamp and Child Nutrition Programs. We believe that the readers would logically infer that they were being urged to follow other readers' example and lobby in support of full funding.

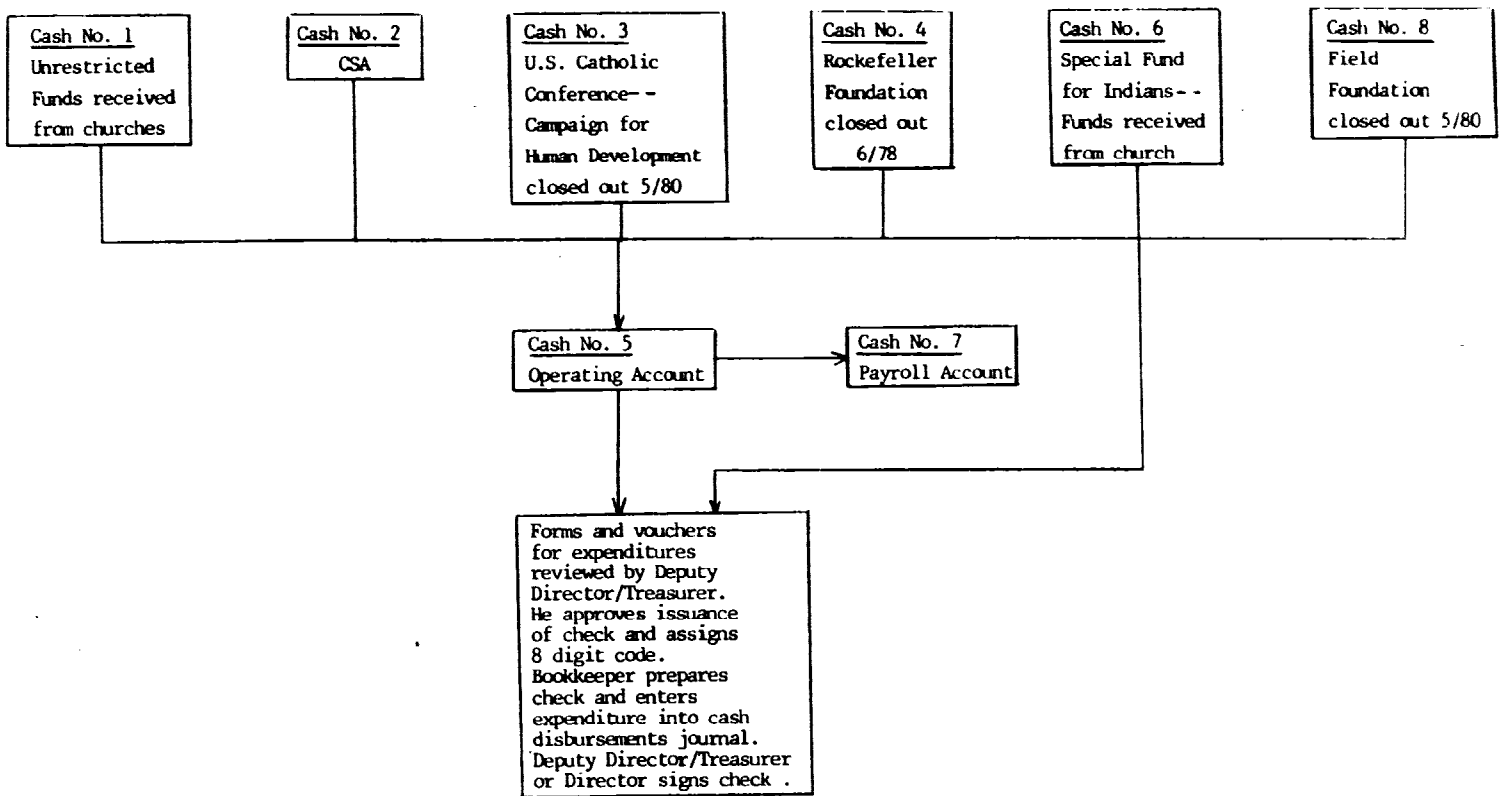
We plan to advise the Director of CSA that FRAC had improperly expended program funds on the two mailings and request that appropriate action be taken to recover the amount illegally expended.

In addition, we propose to request that CSA's regulations prohibiting the use of program funds for lobbying activities be reviewed to ensure that they are consistent with GAO decisions regarding appropriation restrictions on the funding of lobbying activities and provide notice to grantees of this prohibition.

In addition to the 10 selected mailings, our Office of General Counsel reviewed the statement in FRAC's January 8, 1979, mailing suggesting that its readers "immediately begin working against" workfare projects and to "monitor and hassle" the activities of workfare sponsors. The costs for this mailing were paid from Federal funds.

In the opinion of our Office of General Counsel, while the language used by FRAC could be regarded as indiscreet as well as inflammatory, the advice given was not in violation of any law or regulation.

FRAC's Cash Accounts



Congress of the United States**House of Representatives****Washington, D.C. 20515**

November 1, 1979

The Honorable Elmer B. Staats
Comptroller General of the United States
The General Accounting Office
Washington, D. C. 20548

Dear Mr. Staats:

It has come to our attention that the Food Research and Action Center (FRAC) may have interfered, or may have attempted to interfere, with at least two of the "workfare" pilot project sites (Morristown, Tennessee, and Zanesville, Ohio) authorized under Section 17(b)(2) of the Food Stamp Act of 1977, Title XIII of P.L. 95-113.

The enclosed FRAC newsletter was forwarded by a Muskingum County (Ohio) Commissioner to Congressman Clarence E. Miller and was forwarded to Members of the House Committee on Agriculture for further investigation. As you will note from this document, FRAC apparently is opposed to the concept of work in return for benefits and is advising citizen groups to disrupt food stamp workfare demonstration projects. The newsletter contains what we consider ill-advised directives, such as "monitor and hassle pilot operations" and asks that FRAC representatives be advised of situations that could be used as "possible litigation issues" against workfare.

Naturally, the Ohio officials are concerned about and alarmed by the prospect of organized opposition to participation in a program authorized by Congress in P.L. 95-113. We are concerned that such activity raises serious questions as to whether such FRAC intervention as this may have been a factor in the localities which originally expressed an interest in workfare subsequently abandoning their initiatives.

It is our understanding that FRAC is principally funded as a community action group under the Community Services Administration but is also a recipient of federal funds from the Departments of Agriculture and Labor, the two departments with jurisdiction over "workfare." We question the logic, if not the legality, of the Government's funding two opposing objectives and implicitly acquiescing in, if not encouraging, one federally-funded group to bring suit against another's (in this case, a State agency's) good faith efforts to carry out Federal law.

If one agency of the Federal Government is knowingly or unknowingly funding activities of organizations such as FRAC to oppose or disrupt duly authorized Federal pilot projects, the end result, it appears, is that Federal laws are either being subverted or violated, and logic is being stood on its head. If there is no Federal law in effect prohibiting or limiting certain actions such as these, it appears that such laws should be enacted or existing law should be clarified, as the case may be.

Accordingly, we request a GAO investigation which would focus on, but not be limited to, the following issues:

1. Source and use of federal funds and whether federal funds are commingled. What is the source of FRAC (or its subsidiaries or affiliates) income? What are the general limitations (use or otherwise) related to federal funds? Were any FRAC funds obtained from the Federal Government over the last five years utilized for questionable or illegal purposes? Are Federal grants or funds commingled by FRAC, or entities such as FRAC, with funds obtained from other non-federal sources when engaged in activities such as those in Ohio? Does it matter whether there is commingling or segregation of funds as it relates to the legality of the use of funds? Are there other entities, such as FRAC and its affiliates, that are involved in similar questionable activities?

2. Propriety of activity. Please investigate the propriety of the use of any Federal funds by FRAC or other such organizations to influence Federal administrative action or legislation. It is requested that the investigation center on the activities of FRAC or other such organizations which are (1) contrary to the purpose for which the Federal funds were provided, or (2) contrary to Federal programs authorized or mandated by law. However, it is also requested that your investigation extend to other activities which may be of a questionable nature and are federally funded.

Finally, in light of your findings, please provide recommendations for appropriate action including legislative initiatives that may be necessary to correct this situation.

Thank you for your attention to this request.

Paul Findley
Paul Findley

Jesse Helms
Sen. Jesse A. Helms

Dawson Mathis
Dawson Mathis

Richard G. Lugar
Sen. Richard G. Lugar

William C. Wampler
William C. Wampler

S. I. Hayakawa
Sen. S. I. Hayakawa

Steven D. Symms
Steven D. Symms

Keith G. Sebelius
Keith G. Sebelius

James M. Jeffords
James M. Jeffords

Charles E. Grassley
Charles E. Grassley

William M. Thomas
William M. Thomas

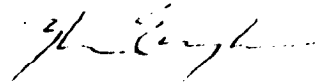
R. de la Garza
R. de la Garza

Edward R. Madigan
Edward R. Madigan


Bob Dole
Sen. Bob Dole

Rudy Boschwitz
Sen. Rudy Boschwitz

Roger W. Jepsen
Sen. Roger W. Jepsen



Glenn English



Tom Hagedorn



Charles W. Stenholm



Kent Hance

Printing 2111
 Washington, D.C. 20515
 (202) 225-8271

PAUL FINDLEY
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COMMITTEE
 INTERNATIONAL RELATIONS
 AGRICULTURE

Congress of the United States
House of Representatives
Washington, D. C.

October 3, 1979

Ms. Graciela Olivarez, Director
 Community Services Administration
 1200 - 19th Street, N.W.
 Washington, D.C. 20506

Dear Ms. Olivarez:

The federal government should not be undermining with one hand what it is building with the other hand.

Under legislation I initiated, the Department of Agriculture is sponsoring pilot projects in six communities across the country to test the concept of "workfare instead of welfare" in the federal food stamp program. In these communities, able-bodied individuals eligible for food stamps work in public service jobs to earn their stamps. The goal is to train and instill a sense of pride and self-respect in food stamp recipients, as well as to accomplish needed public service tasks. Workfare should help the unemployed move into the mainstream of American economic life and bring justice to the American welfare system.

American welfare has deep and serious problems. Workfare presents a promising new departure. The concept deserves a fair test, and that is just what the pilot projects are attempting.

Yet the Food Research and Action Center (FRAC), which receives funding through CSA, sent a bulletin to its affiliated organizations urging them "to try to stop application or implementation" in local communities interested in conducting workfare pilot projects. The FRAC bulletin included instructions to "monitor and hassle" potential workfare sponsoring communities to make them "less willing to undertake workfare at all." In areas picked as workfare projects, the FRAC bulletin urged "blocking its implementation."

My investigations show that the FRAC directive has been followed in at least two workfare communities--Morristown, Tennessee and Muskingum County, Ohio. In Morristown, local officials report that a Karen Brasell, of a FRAC-affiliated organization called Manna, vigorously sought to engender opposition to workfare among food stamp recipients.

Ms. Brasell haunted the local food stamp office to find out who was eligible for workfare, bothering those coming to the office to file for food stamps. She advertised in the local newspaper to urge those receiving food stamps to attend a workfare protest meeting. She even visited work sites to recruit to her cause those participating in workfare.

That sort of harassment should not receive federally sponsored encouragement. FRAC should call off its troops. I wish to meet with you at the earliest possible time to discuss ways in which CSA can stop FRAC's attempt to subvert pilot workfare projects.

The success of the workfare projects requires your prompt response.

Sincerely,



Paul Findley
Representative in Congress

NOV 7 1979

Honorable Paul Findley
House of Representatives
Washington, D.C. 20515

Dear Congressman Findley:

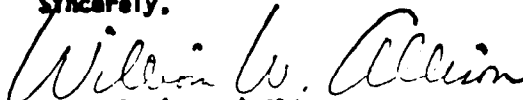
Thank you for your recent letter in which you bring to our attention certain activities of the Food Research and Action Center (FRAC) regarding the implementation of "workfare."

As my staff had advised your staff in the interregnum, we asked FRAC to provide a written description of their involvement in this issue. Having reviewed your letter, their response, and the Food Stamp Act, I sent the enclosed letter to FRAC.

It is our hope that by resolving some confusion and clarifying the bounds of appropriate FRAC activity, the experiment of "workfare" may be subject only to fair and rational examination by those affected local communities.

Should you wish to discuss this issue further, please contact Ricki Jo Hoffman in the Office of Legislative Affairs (254-6010) to arrange a meeting.

Sincerely,



Graciela (Grace) Olivarez
Director

Enclosure

Community WASHINGTON, D.C. 20506
Services Administration 

Jeff Kirsch, Executive Director
 Food Research Action Center (FRAC)
 2011 Eye Street, N.W.
 Washington, D.C. 20006

Dear Mr. Kirsch:

I am writing in response to your memorandum dated October 29, 1979, in which you explain and attempt to justify activities you have engaged in in connection with USDA's workfare projects. As you know, this Agency has received a number of letters from Congressmen questioning the propriety of FRAC's use of CSA funds to block implementation of Congressionally-authorized pilot projects designed to test the concept of workfare. The letters refer specifically to a newsletter sent by FRAC to "Food Stamp Advocates" dated January 8, 1979, in which FRAC exhorts advocates to "immediately begin working against" workfare projects, to "initiate negotiations at state and county levels to block any application to be a pilot project" and to "monitor and hassle" the activities of workfare sponsors in counties where workfare projects are established.

I have discussed this matter at length with my staff, and after reviewing your work program and relevant CSA regulations, I have come to the following conclusion: While the informational and educational activities carried out by FRAC relative to local implementation of workfare are permissible and consistent with Agency regulation, your January 8 memorandum to Food Stamp Advocates which contained the advice that advocates should "hassle" the operations of workfare sponsors was highly improper.

According to The American Heritage Dictionary, to "hassle" someone is to "harass" someone. I find it intolerable that CSA funds should be used for this purpose and am requesting you to refrain from giving this kind of advice in the future. There is more involved here than the poor choice of a word. The sort of activity that the word connotes is unacceptable.

15
 Continuing
 Community
 47 People Against Poverty

I recognize that the many food advocates in the country look to FRAC for advice and counsel as they seek food and justice for the disadvantaged. It, therefore, becomes all the more important that you carefully and thoughtfully assess the nature of that advice before providing it to those groups.

Would you please let me know as soon as possible whether you agree to this restriction so that I can bring this matter to a close.

Sincerely,


Graciela (Grace) Olivares

ROOM 2133, MAYBURN BUILDING
WASHINGTON, D.C. 20515
(202) 225-5271

PAUL FINDLEY
80TH DISTRICT, ILLINOIS

COMMITTEES:
INTERNATIONAL RELATIONS
AGRICULTURE

Congress of the United States
House of Representatives
Washington, D. C.

November 12, 1979

Ms. Graciela Olivarez
Director
Community Services Administration
Washington, D.C. 20506

Dear Ms. Olivarez:

While I am glad that you recognize that FRAC's conduct has been "intolerable," I had hoped you would do more than simply ask them not to do it again. Your letter, to FRAC's Jeff Kirsch, does nothing to stop the "hassling" of federal workfare projects inspired by the bulletin from FRAC. Those who rely on FRAC for advice will probably continue to operate under their last directive which, as you know, urged that federal food stamp workfare projects be blocked.

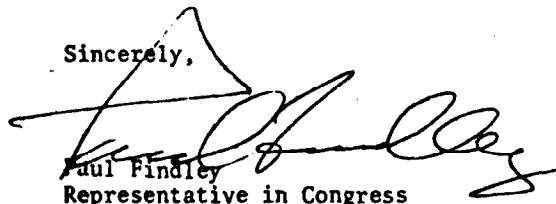
The Community Services Administration should see that FRAC requests its affiliates to cooperate with the workfare program. As I suggested in discussions with your staff, FRAC should be asked to send a letter to its field workers stating that its earlier directive was improper, that it is wrong for FRAC to use federal funds to urge working against federal workfare pilot projects, and that all such activities should cease immediately.

I share your "hope that...the experiment of 'workfare' may be subject only to fair and rational examination..." But that cannot occur unless CSA sees to it that past indiscretions of its grantees are corrected, and that in the future neither FRAC nor other grantees uses federal funds to harass workfare or any other federal projects. CSA should develop procedures that give grantees clear guidelines and specify appropriate and effective administrative sanctions should grantees break those guidelines.

These are important reforms dictated by the FRAC affair. The protection of the federal workfare projects and other federal programs from interference supported by CSA funding demands that you take further action immediately.

As the author of the federal workfare for food stamps program, I need further assurances that you will demand more of FRAC as I requested earlier.

Sincerely,


Paul Findley
Representative in Congress

Room 2155, RAYBURN BUILDING
WASHINGTON, D.C. 20515
(202) 225-8271

PAUL FINDLEY
80TH DISTRICT, ILLINOIS

COMMITTEES:
INTERNATIONAL RELATIONS
AGRICULTURE

Congress of the United States
House of Representatives
Washington, D. C.

November 19, 1979

Ms. Graciela Olivarez
Director
Community Services Administration
1200 Nineteenth Street, N.W.
Washington, D.C. 20506

Dear Ms. Olivarez:

As the enclosed clipping from the St. Louis Globe-Democrat shows, your efforts to counsel the Food Research and Action Center (FRAC) not to recommend harassing federal workfare projects have fallen on deaf ears.

In your letter to FRAC director Jeff Kirsch you termed FRAC's instructions to its field staff to "hassle" and "block" workfare pilot projects as "intolerable" and you requested that FRAC "refrain from giving this kind of advice in the future." You said, "There is more involved here than the poor choice of a word. The sort of activity that the word connotes is unacceptable."

What was the FRAC response to your criticism? Mr. Kirsch told Arthur Thomason of the St. Louis Globe-Democrat that he merely used a "poor choice of words." Clearly he does not feel that any FRAC personnel acted improperly and he as much as says so in the enclosed interview. Thus, there is no reason to believe that FRAC will order its field personnel to discontinue its opposition to the workfare program despite your strongly worded letter.

As further evidence that FRAC has not learned its lesson, Mr. Kirsch went on to say that my complaint is simply a "political attack." Mr. Kirsch should be informed that:

1. These pilot workfare projects are the law of the land, duly passed by Congress and signed by the President.
2. The Congressional commitment to the pilot projects has been restated through approval last week of a one-year extension of the food stamp workfare program by a subcommittee of the House Agriculture Committee.

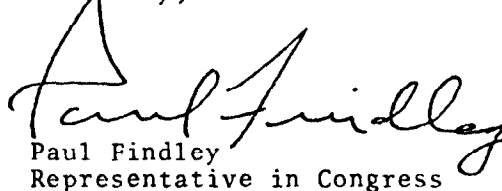
3. Members of the House Agriculture Committee are rightfully exercising their oversight responsibility in monitoring implementation of these projects.

As I noted in my last letter to you, the Community Services Administration needs to take stronger action to be sure that neither FRAC nor other CSA grantees use federal funds to harass federal projects. Also, CSA should require FRAC to write to each of its affiliates and field personnel and direct them to stop trying to torpedo workfare and support the experimental projects.

Mr. Kirsch's unrepentant response to press inquiries reinforces my conviction that only firm action on your part will cause FRAC to recognize the error of its ways and take corrective measures. And only by your taking strong action will other CSA grantees see that you will not tolerate the use of federal funds to undermine other federal programs.

Your answer to this letter is extremely important. I will anxiously await your response.

Sincerely,



Paul Findley
Representative in Congress

cc: Elmer Staats, Comptroller General
Honorable Ike Andrews, Chairman
Subcommittee on Human Resources
Committee on Education and Labor

St. L. Globe 11/12/79

Findley seeks inquiry into 'workfare' test

By ARTHUR J. THOMASON
Globe-Democrat Staff Writer

The Community Services Administration has gone soft on a federally financed welfare rights organization that reportedly tried to hamper a food stamp "workfare" project, according to U.S. Rep. Paul Findley, R-Ill.

The Food Research and Action Center allegedly worked against a project in which able-bodied recipients were required to do public service work for up to four days per month to "earn" their food stamps. Women with small children and the elderly were excluded from the work requirement under the legislation, sponsored by Findley.

Four-fifths of the participants in the "workfare" project either found other jobs or dropped out of the food stamp program.

Community Services Administration Director Graciela Olivarez called the efforts to scuttle the project "intolerable" and asked the Food Research and Action Center to stop interfering.

But Findley said Friday he expected "a stronger and more forthright response from the CSA, and today I am asking for one."

"I AM REQUESTING that CSA Director Olivarez direct FRAC to order its troops to do nothing further to impede the federal workfare program," Findley said.

The congressman said the Community Services Administration should also order the center to send

letters to each of its affiliates, "stating that FRAC acted improperly when it urged them to immediately begin working against workfare projects."

Findley said he also wants the General Accounting Office to determine if the Food Research and Action Center's actions kept any communities from participating in workfare. Fourteen communities were invited to participate but only five did.

The workfare pilot project was aimed at encouraging food stamp recipients to find jobs or do public service work.

The Food Research and Action Center received \$161,000 in Community Services Administration grants last year and is in line to receive \$500,000 next year, Findley said.

Jeff Kirsch, acting director of the Food Research and Action Center in Washington, told The Globe-Democrat he used a "poor choice of words" when he urged affiliates to "hassle" and "block" workfare.

KIRSCH SAID the words, used in a mailing, were meant to urge affiliates to "aggressively assert one's rights" in an effort to advise poor people of their rights under workfare.

"I think Paul Findley is mad because of our efforts to involve poor people in the local decision-making processes, and he's using it to make a political attack on FRAC," Kirsch said.

Nineteen members of the House and Senate have joined Findley in his request for the GAO investigation, Findley said.

C-O-P-Y

The Honorable Paul Findley
U.S. House of Representatives
Washington, D.C. 20515

Dear Congressman Findley:

I wish to apologize for the delay in answering your letters of November 12 and November 19, 1979 asking CSA to take further steps to prevent the Food Research and Action Center (FRAC) and other CSA grantees from "trying to torpedo" workfare projects. In the interim my staff has been gathering additional information that might help us resolve this issue to your satisfaction without setting undue limits on legitimate activities of CSA grantees.

You included in your November 19 letter a news clipping from the St. Louis Globe-Democrat which appears to indicate that our clear directive to FRAC to cease harassing and advising others to harass Federal workfare projects has fallen on deaf ears. Unfortunately, due to a clerical mix-up here, our November 7, 1979 directive to FRAC (a copy of which we forwarded to you) did not reach FRAC before Jeff Kirsch's conversation with the Globe-Democrat reporter. In its November 30 response to our November 7 letter (see attached copy), FRAC does indeed agree with the view of both yourself and this Agency, that CSA funds may not be used to harass workfare sponsors or other Government officials. In addition, FRAC has promised to take firm steps to ensure that this restriction is observed in the future.

On November 30, Mr. Kirsch wrote Mr. Boarman, CSA's Acting Chief of the Community Food and Nutrition Program, as follows: "I understand your concern about Representative Findley's observation about the newspaper article in which I am quoted as having said that the use of the term 'hassle' was 'a poor choice of words' despite what the Director said in her November 7 letter. The St. Louis Globe-Democrat article was dated November 6, before the Director sent me a letter. And if it appeared in a later article, the reporter just re-used the same quote.

In view of the circumstances just described and Mr. Kirsch's November 30 letter to me, I feel confident that FRAC does now understand "the error of its ways" in respect to their call for "hassling" workfare projects. To make sure that all the subscribers to FRAC's newsletter are aware of CSA's policy, we are following your suggestion and requesting FRAC to carry the following statement in the next issue of its newsletter;

"In a newsletter sent by FRAC to 'Food Stamp Advocates' dated January 8, 1979, FRAC urged advocates to "immediately begin working against workfare projects," to 'initiate negotiations at state and county levels to block any application to be pilot project' and to 'monitor and hassle' the activities of workfare sponsors in counties where workfare projects are established.

FRAC is entitled under its grant from the Community Services Administration (CSA) to provide information to poor persons and organizations serving the poor in order to assist them in participating in local decision-making on matters that affect the poor. This informational function includes providing poor persons with pros and cons in respect to any proposal whose adoption depends on the voluntary consent of the community. However, FRAC is not entitled to use CSA funds to 'block' application for pilot projects and 'hassle' workfare projects, or to encourage others to do so. I understand, incidentally, that once a decision was made on a workfare project and implemented by a community, FRAC did not urge any action to interfere with the operation of the project. Indeed FRAC's mailing of January 1979 was prior to the implementation of any workfare project. Nonetheless, the use of the term 'block' could easily give rise to misinterpretation. Similarly, the sort of activity connoted by the word 'hassle' is unacceptable. According to the dictionary, to 'hassle' someone is to 'harass' someone, and it is intolerable that CSA funds should be used for this purpose. I am therefore requesting you to refrain from giving this kind of advice in the future and to publish this statement in your next newsletter so that CSA's position is clear.

Graciela (Grace) Olivarez
Director
Community Services Administration

In addition to requesting FRAC to publish the above statement, I am asking them to repeat, in the same issue of the newsletter, the assurance conveyed to me in their November 30 letter that they will not again engage in, or urge others to engage in, the impermissible activities in question.

In respect to the allegation in your letter of October 1979 that a CSA grantee, MANNA, engaged in harassment of a workfare project in Morristown, Tennessee, I asked our Regional Director in Atlanta to investigate the charge and am enclosing his interim report. As soon as I have received and analyzed the final report, I shall make the results known to you, including any corrective action taken by us if needed.

I am anxious, as you are, to resolve this matter as promptly as possible in a way that does justice to the desire of Congress to test the 'workfare' concept and to the mission of the Agency which is to serve the interests of the poor. If the additional steps I have outlined above are in your judgment, insufficient, my staff is available to meet with your staff at their convenience to discuss the matter further.

Sincerely,

YSL Graciela (Grace) Olivarez

Graciela (Grace) Olivarez
Director

Enclosures

PROGRAMS FUNDED BY
COMMUNITY SERVICES ADMINISTRATION

(Fiscal Years 1977 through 1979)

Program	1977		1978		1979	
	Amount	Number of grantees	Amount	Number of grantees	Amount	Number of grantees
Local Initiative	\$331,477,162	955	\$363,437,526	989	\$363,734,143	1,021
Senior Opportunities and Services	12,062,553	204	10,429,424	197	9,483,495	201
State Economic Opportunity Offices	11,803,750	55	11,797,755	54	12,101,650	52
Nutrition (note a)	26,218,995	619	28,691,291	507	28,613,389	466
Energy Conservation	300,198,910	886	252,539,948	901	178,715,512	878
Youth Sports	6,003,000	1	6,000,000	1	5,863,000	1
Summer Youth Recreation	16,906,406	523	16,800,060	544	17,553,342	947
Migrant Assistance	1,255,595	11	1,233,767	2	999,130	4
Technical Assistance	1,124,066	7	1,149,204	12	1,856,826	15
Research and Demonstrations Rural Housing	4,486,766	31	5,300,899	34	4,612,766	36
Research and Demonstrations Other	4,123,487	52	7,737,829	96	4,972,375	49
Economic Development	<u>44,982,068</u>	56	<u>44,823,203</u>	41	<u>45,193,350</u>	66
Total	<u>\$760,642,758</u>		<u>\$749,940,906</u>		<u>\$673,698,978</u>	

a/FRAC received funding under the nutrition program. The purpose of this schedule is to show the relationship of the nutrition program to all other programs funded by CSA.

FRAC

FOOD STAMPS

Director
ROGER SCHWARTZ

FOOD RESEARCH AND ACTION CENTER
2011 EYE STREET N.W.
WASHINGTON, D.C. 20006
(202) 452-8250

June 23, 1978

MEMORANDUM

TO: Food Stamp Advocates
FROM: Roger Schwartz and Jay Lipner
RE: Food Stamp Program Developments

Workfare Raises Its Ugly Head Again

Probably the most repressive provision of the 1977 Food Stamp Act was its workfare pilot project. It required 14 projects which would force certain food stamp recipients to work off their food stamp benefits at an hourly rate equal to the minimum wage. They would not receive any "pay" other than their food stamp entitlement.

Often called the "slave labor provision" by many advocates, it gives local political bosses the right to force poor people to work in virtually any public job in order to feed their family. While there are protections for people written into the law (which would probably make the use of workfare unattractive to all but the most repressive local jurisdictions), the principle is diametrically opposed to the interests of poor people and could set a terrible precedent for any future legislative efforts, including future "welfare reform" deliberations.

The issue has been raised again in Congress because USDA -- by delaying the implementation of the new Food Stamp Program -- has also delayed starting the workfare pilot projects. In fact, it has delayed so long that the legislative authorization for USDA to run the pilot projects is running out. Therefore, USDA has asked that the Congress pass legislation to change the dates of the workfare authorization. (Under USDA's proposed legislation, the pilot projects could run for 12 months, the same as the original legislation.)

The legislation was sent to Capitol Hill last week. It was introduced in the House by Rep. Fred Richmond (D-N.Y.) (upon request of the Administration, his staff insists), as H.R. 13149. It was voted out of Richmond's House Subcommittee on June 21. It has not yet been introduced in the Senate, although we are informed that it will soon be introduced by Agriculture Committee Chairman, Herman Talmadge (D-Ga.). The bill does nothing more than change the dates the pilot projects may run.

For reasons explained below, we do not think there is much we can do to stop the reauthorizing legislation from passing. However, we thought you should know about it so you could make an informed decision about your actions.

The Congressional Strategy

The strategy of the Administration and its Congressional allies is to rush the bill through, thus protecting it against any conservative (or liberal) amendments. (Supposedly, a deal has been struck to this effect with backers of the original workfare provision in the House, primarily Rep. Paul Findley [R-Ill.]) The "political thinking" behind this strategy is that Congress is in a particularly ugly mood as far as government spending is concerned. Both the impending Congressional elections and, of course, the controversial "Proposition 13" in California plays a role in this negative attitude of Congress. The results of this political atmosphere can be seen in Congress' recent slash of the HEW-Labor Appropriations bill, and a similar attempt to cut back on Agriculture appropriations.

The consequence of Congress' anti-spending mood -- which, particularly will threaten poor people's programs first and foremost -- is the strategy decided above: both the Administration and many of our allies in Congress believe that the workfare extension will pass, and that it's best to get it passed as soon as possible, with as little fanfare as possible, so that more repressive provisions cannot be tacked on to it.

While we can understand this political strategy, it is not one we need necessarily accept or for you to rely upon -- especially considering the importance of the principles involved. While there appears to be little chance of stopping it, we believe that those of you who are concerned about it should be aware of these recent developments so that you can express your positions if you so desire.

If you want to make your views on workfare known to Congress, observers have indicated that the Chairmen of the Agriculture subcommittee and committees are more appropriate than your own legislators. They are:

Rep. Thomas Foley, Chairman
Rep. Fred Richmond, Chairman
Subcommittee on Nutrition
House Agriculture Committee
Washington, D.C. 20515

Senator Herman Talmadge, Chairman
Sen. George McGovern, Chairman
Subcommittee on Nutrition
Senate Agriculture Committee
Washington, D.C. 20510

A final point: Given Congress' anti-spending attitude, with its inevitable harmful impact on the poor, many advocates feel it is important that Congresspeople also hear some supportive comments on programs intended to help the poor. If you decide to write legislators about the workfare issue, we suggest you also include some positive comments about governmental efforts to help poor people or support for the good provisions of USDA's proposed food stamp regulations.

As always, if you have any questions, please call. We will keep you informed of further developments.

Bread & Justice!

FOOD STAMPS



FOOD RESEARCH AND ACTION CENTER

JEFF KIRSCH
Acting Director

TO: Anti-hunger Advocates
FROM: Jeff Kirsch and Ron Pollack
RE: Fiscal Year 1979 Food Stamp Legislation
DATE: August 3, 1979

In our last mailing, we informed you of the completion of the House of Representatives' consideration of a fiscal year (FY) 1979 food stamp bill (H.R. 4057), plus the House's token efforts (H.R. 4303) at providing relief to some households (the elderly and disabled) because of the cutbacks in the 1977 law. We also outlined the Senate Agriculture Committee's actions. Since then, all legislative action on food stamps has finished, and the legislation is on its way to the President, where his signature is assured.

SENATE CONSIDERATION

On July 23, the Senate voted on food stamp legislation. The Agriculture Committee had sent to the Senate a bill (S.1309) which: raised the FY 1979 cap from \$6.2 billion to \$6.8 billion; provided increased deductions (medical and shelter) for households with an elderly person or SSI recipient; and added the so-called "Lugar Amendment." (This amendment, pushed by Sen. Richard Lugar (R-Ind.), puts pressure on USDA to commence cuts in benefits if USDA finds that the cap for FY 1980 is too low, and allows USDA to devise its own formula for instituting those cutbacks.)

By the time the Senate finished, we had a very different bill. Sen. Jesse Helms (R-N.C.), a right-wing stalwart, decided to take a number of "fraud and abuse" amendments from the Administration's food stamp bill for FY 1980 (S.1310), and have them added to the Committee's bill on the Senate floor. These amendments were:

1. a provision requiring individuals convicted of fraud to pay back the amount they fraudulently obtained before they could again participate in the FSP;
2. a provision allowing USDA to require Social Security numbers for all food stamp recipients (in the same way they are now required in AFDC); and
3. a "bounty" (our term) for states so that they could keep 50% of all the money they recover from people who allegedly committed fraud.

In addition, Helms added a fourth provision allowing the states to do anything they want with regard to verification of a food stamp household's circumstances.

It was the view of Sen. George McGovern (D-S.D.) and his counsel, Marshall Matz, that if Helms wanted to take some of the Administration's food stamp bill, McGovern could take other parts of the Administration's bill, especially the removal of the food stamp cap for FY 1980 and FY 1981. Therefore, McGovern (joined by Senators Robert Dole (R-Kan.), Warren Magnuson (D-Wash.), and Herman Talmadge (D-Ga.) fashioned a "substitute amendment" incorporating the Committee's bill, the Helms amendments, and the removal of the cap. Part of their thinking was that the "fraud and abuse" amendments were impossible to defeat because of the political attractiveness of voting to curb such purported abuses.

We were supportive of McGovern's efforts. However, while we accepted the reality of not being able to defeat the negative amendments, we tried to work with other Senators in an effort to water them down. The only success we had was with Sen. Jacob Javits (R-NY), who agreed to offer an amendment we drafted to provide a list of protections to the verification meaningless. (For example, among the protections in the Javits amendment was an exemption for all AFDC, SSI and general relief recipients from being subjected in any manner to any extra verification requirements.) Joined by Senators Ted Kennedy (D-Mass.) and Birch Bayh (D-Ind.) (and supported by McGovern), that amendment was added to McGovern's substitute. We also tried very hard, in conjunction with advocates in certain key states and the Children's Foundation, to expand the Committee's medical and/or shelter deductions to all households instead of just the elderly and disabled, but we could not find a Senator willing to do it (since, they felt, its cost gave it no chance of passage). The Senate also added a provision to allow group homes for the disabled to get food stamps and, in order to side-track an effort to eliminate strikers from the FSP, a requirement that strikers meet the same eligibility-requirements as all other households (a provision that merely reflects the situation in the current law).

After all this maneuvering, the Senate passed the McGovern substitute to S.1309, with the amendments described above (including the removal of the FY 1980 and FY 1981 caps). In addition, the Senate leaders wanted to make sure that if their action on the 1980 and 1981 caps were not accepted by the House (which was virtually certain since House Agriculture Committee leaders had given assurances that the House would have a separate bill for FY 1980), the Senate would not have to vote again on the question of the cap. Therefore, the Senate passed S.1309 twice, so when its provisions were not accepted in the House-Senate Conference Committee, the bill would remain "alive" and could be matched up with the House bill for FY 1980 and FY 1981 when the House acts on that legislation. As a result of this Senate action, there will be no need for a Senate bill next year -- a major gain for anti-hunger advocates.

HOUSE-SENATE CONFERENCE COMMITTEE

The next step was the House-Senate Conference Committee to work out differences in the two chambers' bills. We worked to keep the best in both bills but were not very successful. The final bill looks like this:

1. The cap for FY 1979 is raised to \$6.8 billion, which is high enough to prevent cutbacks. The House refused to accept the Senate bill's provisions removing the cap in FY 1980 and FY 1981.
2. Households with a person over age 60, an SSI recipient, or someone receiving Social Security Disability are helped by: a) giving them a medical deduction for the amount of medical expenses that such individuals have over \$35 a month (that \$35 figure is not increased by the cost of living as in the Senate bill); and b) removing the shelter deduction maximum for these same households. (The Conference Committee did not accept the \$10 threshold for medical expenses that had been won on the House floor.) This amendment adds about \$60 million in benefits to the FSP.
3. The Conference Committee accepted the three Administration-supported amendments proposed by Senator Helms (described above), but rejected the verification amendment (because of McGovern's urging and the willingness of the House conferees to wait until the FY 1980 bill).
4. The Conference Committee accepted the amendment allowing food stamps for Group Homes for the Disabled, as well as the meaningless striker amendment.

AND NEXT?

The discussion among House members of the Conference Committee once again made clear the sort of trouble we can expect in trying to remove the cap in FY 1980 and FY 1981 in the House. We will have to start gearing up for that effort soon, and we are attempting to develop some sort of process to make sure you are more involved in that effort -- both in formulating legislative positions and in lobbying. Our initial thoughts are to move towards something similar to what was done with the National Child Nutrition Coalition, but we'd appreciate any ideas you have about the need for this and the ways of making it happen.

We have no idea of the timetable for FY 1980 legislation, although we know that the House Agriculture Committee leadership is in no hurry. Hearings could start in September, but none have been set up. In anticipation of that effort, many advocates are trying to set up meetings with their Representatives during the August recess, especially those members on the Agriculture Committee.

Our legislative efforts this fall will be somewhat more difficult because we will also have to worry about child nutrition legislation. The Administration will move on some of its cutbacks in the school food programs and the summer food program. Therefore, your efforts at lobbying (as well as ours) could well become more difficult because we won't be able to focus solely on one issue. In addition, the two efforts are being linked to some degree by the Administration because, they say, in order to afford the major cost increases in the FSP, cutbacks are needed in the child nutrition programs (especially in the areas that affect non-needy children). While we should not have to accept this notion, many Democrats on Capitol Hill will.

As always, thanks for your work.

Bread & Justice!

Community WASHINGTON, D.C. 20506
Services Administration 

24 SEP 1980

David Gleason
General Accounting Office
1200 19th Street, N.W.
Washington, D.C. 20506

Dear Mr. Gleason:

As per our conversation of September 22, I have reviewed the FRAC correspondence in question and find that the June 24, 1977 letter would violate CSA's prohibition against lobbying found at 45 CFR §1069.6 if any CSA funds were used for its publication.

The memorandum dated June 23, 1978 presents a more difficult question. After careful review of its contents, however, I have determined that it does not violate §1069.6. The writers of the memorandum have not taken a firm position on the passage or defeat of any piece of legislation; instead they state what has happened in the House with regard to the "Workfare" legislation, and analyze "Congressional strategy" with regard to its passage. Therefore, the fact that the names and addresses of the Chairmen of the Agriculture subcommittees are listed in the memorandum is considered purely informational as the writers of the memorandum do not advocate either its passage or defeat.

The letter to "Anti-Hunger Advocates" dated August 3, 1979 is an educational piece describing Congressional action surrounding the passage of food stamp legislation and what the legislation provides. In the section entitled "and next" found on page 3 of the letter the writers inform the reader of various pieces of legislation to be considered in the future, and FRAC strategy regarding possible lobbying efforts. Neither the passage nor defeat of any particular pending piece of legislation is urged, nor is any action requested of the reader.

Another factor which must be taken into account when analyzing all the FRAC memoranda or letters in question is the statutory provisions regarding the purpose of Title II set out in 42 USC 2781 (Sec. 201 of the EOA of 1964, as amended). Here, Title II grantees are told that the specific purpose of Title II is

"to promote, as methods of achieving
a better focusing of resources on the goal of individual
and family self-sufficiency - (1) the strengthening of
community capabilities for planning and coordinating Federal,
State, and other assistance related to the elimination of

poverty, so that this assistance, through the efforts of local officials, organizations, and interested and affected citizens, can be made more responsive to local needs and conditions;" (42 USC 2781(a)(1)).

In order to accomplish this goal, local groups must be kept informed of all legislation which may affect the lives of the poor, and the changes in various Federal programs which may result from either the passage or defeat of a particular piece of legislation. As a Title II grantee, FRAC must comply with this statutory mandate while adhering to CSA's prohibition against lobbying found at §1069.6 when CSA funds are used to publish newsletters or memorandums.

Because the August 3, 1979 letter does not violate §1069.6, FRAC was under no obligation to comply with special condition #6 of its fiscal year 1979 grant which mandated the disclaimer "no Federal funds were used for the publication of this material" be placed on publications urging lobbying activities.

I have not yet had sufficient opportunity to analyze Sec. 607(a) of the "Treasury Department and Postal Service and other Government agencies Appropriations Act" to determine whether the FRAC correspondence would violate the anti-lobbying provisions found therein. As this Agency was unaware that the provision of 607(a) applied to CSA, however, no notice was given to FRAC or any other CSA grantee of its provisions. Therefore, FRAC cannot be held liable for failure to comply with same, should any of the correspondences in question be found to violate its provisions where Federal funds were used for its publication.

If you have further questions, please do not hesitate to contact me.

Sincerely,

Handwritten signature of Tom Mack, appearing as "Tom Mack for".

Tom Mack
General Counsel

