

EXECUTIVE OFFICE OF THE PRESIDENT

BUREAU OF THE BUDGET

WASHINGTON, D.C. 20503

JUL 28 1969

MEMORANDUM FOR MR. HARLOW

Subject: H.R. 11651, a bill to amend the School Lunch Act

The subject bill, notwithstanding any other provision of law, would authorize the Secretary of Agriculture to use up to \$100 million in funds from section 32 to improve the nutritional status of needy children in group situations away from home. This authorization would provide for such use of section 32 funds (a permanent appropriation for the "removal of surplus agricultural commodities") in addition to funds currently budgeted for child nutrition programs. If passed, the Secretary would be under considerable pressure to exercise the authority, adding as much as \$100 million to 1970 outlays (and probably 1971 and later years). The bill has passed in the House by a large margin and is now pending before the Senate Agriculture Committee.

Background

Use of section 32 funds to provide cash for food aid to needy children was first authorized in the 1969 budget when the House Agriculture Appropriation Subcommittee inserted language in the appropriation bill providing for "special feeding programs." The 1969 appropriation for section 32 earmarked \$45 million for this purpose. The language remains in the Agriculture appropriation bill and an amount of \$100 million is earmarked in 1970. The bill has now passed both Houses. This \$100 million combines with other accounts in the child nutrition programs to provide food assistance to needy children. A portion of the \$100 million is also used for a supplementary food program for persons in certain categories of need (preschoolers, pregnant women, etc.).

The 1970 budget for all the various child food assistance programs, as stated officially by the Department of Agriculture, is "expected" to provide for a free or reduced price lunch for all the estimated 6.6 million needy children in schools by the end of the fiscal year. Secretary Hardin made this statement in his testimony before the Senate Select Committee on Nutritional Human Needs on May 6 and elsewhere publicly since then. It would appear, therefore, that the authority contained in H.R. 11651 is unnecessary, not only in view

of the foregoing statement but because appropriation language only is needed (not additional legislative authority) to authorize additional transfers from section 32.

It should be noted, however, that even without the forthcoming 1970 cutback it is beginning to appear that the funds available for child nutrition programs in 1970 may not permit the Department of Agriculture to meet its stated objective because State and local contributions are not likely to be adequate. This has been one of the principal barriers to the extension of the school lunch program in recent years. The problem likely will not be solved in 1970 and expansion will continue to be thwarted without further increases in the Federal share of total funding.

#### Discussion

The dilemma appears then to be shaping up as a conflict between goals and commitments and fiscal constraints. If the administration were to choose to advance institutional child nutrition to the maximum and to go on record to that effect, there probably would be no objection to the bill even though technically the legislative authority is not needed. If, on the other hand, outlay constraints preclude this course (as now appears to be the case), the administration should seek to discourage enactment. Another alternative would be to assume a silent and neutral posture at this point on the grounds that the Senate Agriculture Committee is not likely to act on the bill at all (in the view of USDA staff) and on the grounds that the issue is sensitive politically.

#### Recommendation

We recommend that you discuss this extremely delicate situation with appropriate contacts in the Senate with a view toward the possibility of dampening enthusiasm for this legislation on the Hill. If the legislation were to become an enrolled bill, we believe it would place the President in an untenable position not to sign it. Once signed, the pressures would mount to make use of this additional \$100 million, thereby aggravating an already difficult budget situation for 1970.

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