DIRECTOR OF THE BUDGET: Whether the State Welfare Department may create a revolving fund for its use as an agency for the purchase of orange food stamps issued by the Surplus Commodities Corporation.

November 12, 1941.

Hon. C. A. Ketchum,
Director of the Budget,
State House,
Indianapolis, Indiana.

Dear Mr. Ketchum:

You have made inquiry as to whether the State Budget Committee has the power, under the provisions of Chapter 204, Acts of 1941, page 628, to approve the appropriation requested by the Department of Public Welfare, wherewith to create a revolving fund to be administered by said department, as an agency, for the purchase of orange food stamps issued by the Federal Surplus Commodities Corporation as a part of its surplus commodities stamp plan.

Chapter 204, supra, makes appropriations to the several state agencies engaged in services in cooperation with the United States government under various acts of the General Assembly, authorizing and providing for such cooperation, and designates specific amounts for the Department of Public Welfare for the purpose "of enabling said department to carry out all services, as provided in Chapter 3 of the Acts of the special session of the 79th General Assembly, and all acts amendatory thereof and supplementary thereto."

Under the heading of "For the Department of Public Welfare," the following is contained:

"PROVIDED, That if the appropriations herein made are not sufficient to enable the state, through the above designated agency, to avail itself of all federal funds and services which may be allotted, granted or offered to the state during either fiscal year of the biennial period for the above purposes, there is hereby appropriated such further sum as may be required for such purposes, the amount, however, to be subject to the approval of the budget committee."

It is clear that the appropriation requested by the Department is sought for the purpose of enabling that department
to procure for the state the benefits of the provisions authorizing the expenditure of federal funds for the purchase of surplus commodities, as contained in the Acts of Congress.

In an official opinion dated February 28, 1940, the method of operation of the stamp plan was considered in determining whether such a revolving fund could be set up by township trustees, charged with the administration of direct poor relief. It was there pointed out that the "disbursement for orange stamps by which a revolving fund would be established would not in fact constitute an expense because there would be in the hands of the stamp agency at all times either cash or orange stamps salable or redeemable for cash, to the full amount originally paid for them." (Opinions, Attorney General of Indiana, 1940, pp. 46-47.)

The question remains as to whether or not the Department of Public Welfare is authorized, under the laws of the State of Indiana, to cooperate with the federal agency in securing said surplus commodities to the State of Indiana and to set apart state funds for the establishment of a revolving fund.

The following provision has been made by the General Assembly in Chapter 179, Acts of 1941, pages 536, 546, 547:

"The State Department of Public Welfare is hereby designated as the state agency to cooperate with the federal government in respect to the investigation and certification of applicants for enrollment in, and in respect to duties and operations as sponsors for the state for the Civilian Conservation Corps and the National Youth Administration, and with the Works Project Administration, with the Surplus Marketing Administration, and with other federal relief agencies, and it is hereby empowered to proceed to carry out all duties and functions which may be properly performed as such sponsors and as such cooperating agencies to carry out such purposes. All of the rights, powers and duties conferred by law on the Governor’s Commission on Unemployment Relief and the functions being performed by said Governor’s Commission on Unemployment Relief prior to the passage of this act are hereby continued in full force and effect and are hereby transferred to and conferred upon the State Department of Public Welfare and shall be held, exercised and performed by the State Department of Public Welfare in
addition to and in connection with its other duties, and the Governor's Commission on Unemployment Relief as referred to in Chapter 136 of the Acts of 1933 and amendments thereto is hereby abolished.” (Acts 1941, pp. 546, 547.)

The foregoing language indicates that the Department of Public Welfare is authorized to act as the State agency to cooperate with the Surplus Marketing Administration having charge of the distribution of surplus commodities and the establishment, through the Surplus Commodity Corporation, of the stamp plan.

Such designation indicates that the General Assembly contemplated that the Department of Public Welfare should have the authority to take whatever steps should be necessary to secure for this state the funds and services, including surplus commodities, which would be made available by the federal government through the Surplus Marketing Administration.

Chapter 204, Acts of 1941, discloses the intention on the part of the General Assembly to implement the Department of Public Welfare with such funds as would be necessary to secure to the state the full benefits of any grants or allotments which would become available by acts of Congress. In view of the fact that the specific amounts named in Chapter 204 might be inadequate to secure to the state the full amount of funds, services or commodities which it might be able to receive, the General Assembly in Chapter 204 appropriated such further amount as would be necessary, subject to the approval of the Budget Committee. That such fund shall be used as a revolving fund rather than disbursed for operating expenses or personal services does not lessen the authority of the Budget Committee to approve the appropriation of the sum required, in view of the fact that it will be used for purposes coming within the authority of the Department of Public Welfare.