

## *Food Stamp Program*

The Food Stamp program was begun in its modern form in 1961 as a pilot program and made permanent in 1964, but it originated as the Food Stamp Plan in 1939 to help the needy. Expansion of the program occurred most dramatically after 1974, when Congress required all States to offer food stamps to low-income households. Program growth has continued since then. Participation generally peaks in periods of high unemployment, inflation, and recession.

The program issues monthly allotments of coupons that are redeemable at retail food stores, or provides benefits through electronic benefit transfer (EBT). The EBT system allows food stamp customers, using a plastic card similar to a bank card, to buy

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groceries by transferring funds directly from a food stamp benefit account to a retailer's account. Recent welfare reform legislation (The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (Public Law 104-193)) requires all States to convert to EBT issuance by the year 2002.

Food stamp eligibility and allotments in all 50 States, the District of Columbia, Guam, and the Virgin Islands are based on household size, income, assets, and other factors.

### Benefits

In FY 1996, the Food Stamp program served an average of more than 25 million persons each month. The average monthly benefit was more than \$73 per person and more than \$172 per household.

### Eligibility

To participate in the program households may have no more than \$2,000 in countable resources, such as a bank account (\$3,000 if at least one person in the household is age 60 or older). Certain resources are not counted, such as a home and lot. Special rules apply to the resource value of vehicles owned by household members.

The gross monthly income of most households must be 130% or less of the Federal poverty guidelines (\$20,280 for a family of four in 1997). Gross income includes all cash payments to the household, with few exceptions specified in the law or the program regulations.

*Net Income Computation.*— Net monthly income must be 100% or less of the Federal poverty guidelines. Net income is figured by adding all of a household's gross income, and then taking a number of approved deductions for child care, extra shelter costs, and other expenses. Households with an elderly or disabled member are subject only to the net income test. The welfare reform legislation of 1996 placed caps on the amount of extra shelter costs that could be deducted.

Net income is computed by deducting the following from monthly gross income:

- (1) Twenty percent of earned income.
- (2) A standard deduction of \$134 for FY 1997.
- (3) The amount paid for dependent care (up to \$200 a month for children under age 2 and \$175 for all other dependents) while the dependent's caretaker is working or looking for work.
- (4) Any out-of-pocket medical expenses in excess of a \$35 deductible for a person aged 60 or older or a disabled person.

If more than one person in the household is aged or disabled, \$35 is subtracted once before deducting combined medical expenses.

- (5) A child support deduction for legally obligated child support paid for a nonhousehold member.
- (6) An excess shelter expense deduction, which is total shelter costs including utilities minus 50% of income after all the above deductions have been subtracted. Effective January 1, 1997, the cap on the excess shelter expense deduction is \$250 for households without aged or disabled persons. Households with an aged or disabled person do not have a limit on this deduction.

Most able-bodied adult applicants must meet certain work requirements. All household members must provide a Social Security number or apply for one.

*Certification.*—Households are certified to receive food stamps for varying lengths of time, depending on their income sources and individual circumstances. Recertification is required at least annually. Households whose sole income is from SSI or Social Security are certified for a 1-year period. However, many States have waivers authorizing 24-month certification periods for these households.

Welfare reform legislation of 1996 placed time limits on benefits for able-bodied, childless adults. Time limits are imposed for childless unemployed adults aged 18-50. Those who are not disabled are limited to 3 months of benefits in any 36-month period, unless they are working 20 hours per week, participating in a work training program for at least 20 hours per week, or participating in workfare. States may request waivers to delay implementation for areas with at least 10% unemployment or insufficient jobs.

*Noncitizens.*—The welfare reform legislation also prohibits most immigrants from receiving food stamp benefits. Illegal immigrants have always been barred from receiving benefits, but the welfare reform act extended that prohibition to most legal immigrants as well. Exceptions include veterans or active duty military personnel and their spouses and children, and persons who have 40 quarters of qualified work history in the United States. Refugees, asylees, and certain aliens subject to deportation can receive benefits for up to 5 years after they receive their status.

### Determination of Food Stamp Allotment

Households are issued a monthly allotment of food stamps based on the Thrifty Food Plan, a low-cost model diet plan. The TFP is based on the National Academy of Sciences' Recommended Dietary Allowances, and on food choices of low-income households.

An individual household's food stamp allotment is equal to the maximum allotment for that household's size, less 30% of the

household's net income. Households with no countable income receive the maximum allotment.

There are higher allotment levels in Alaska, Hawaii, Guam, and the Virgin Islands. These separate allotment levels reflect higher food prices in those areas.

Households can use food stamps to buy any food or food produce for human consumption, and seeds and plants for use in home gardens to produce food. Though in some remote areas of Alaska, recipients may use food coupons to purchase some kinds of hunting and fishing equipment for procurement of food.

#### Households Cannot Use Food Stamps to Buy:

- Alcoholic beverages and tobacco
- Lunch counter items or foods to be eaten in the store
- Vitamins or medicines
- Pet foods
- Nonfood items (except seeds and plants)

Restaurants can be authorized to accept food stamps in exchange for low-cost meals from qualified homeless, elderly, or disabled people. Food stamps cannot be exchanged for cash.

#### Block Grant Program

In Puerto Rico, the Northern Mariana Islands, and American Samoa, the Food Stamp program was replaced in 1982 by a block grant program. The territories now provide cash and coupons to participants rather than food stamps or food distribution. The grant can also be used for administrative expenses or special projects related to food production and distribution.

Congress appropriated the same amount of money for FY 1997 as in FY 1996 for Puerto Rico, \$1.1 billion; the Northern Marianas, \$5.1 million; and for American Samoa, \$5.3 million.

#### Financing and Administration

In most States, the Food Stamp program is operated through State welfare agencies and local welfare offices. However, Social Security offices notify Social Security and SSI applicants/recipients of the benefits under the Food Stamp program and make food stamp applications available to them. The Social Security offices forward the applications and any supporting documents to the local food stamp offices, where eligibility is determined.

The Federal Government, through general revenues, pays the entire cost of the food stamp benefit, but Federal and State agencies share administrative costs. In FY 1996, the total Federal Food Stamp program cost was \$24.4 billion.