



FOOD STAMP PROGRAM

Background

Over many years, the Nation has built an array of nutrition assistance programs designed to help the most vulnerable populations avoid hunger and make healthy food choices. Taken together, the national nutrition safety net serves one in five Americans over the course of a year.

Several key components of the national nutrition safety net are authorized or addressed by the Nutrition Title of the farm bill, including the Food Stamp Program (FSP) and the Nutrition Assistance Program (NAP) in Puerto Rico.

The FSP, first authorized in 1964 to increase the nutritional levels of low-income households, increases the purchasing power of low-income families and individuals by providing electronic benefits that can be redeemed for food in authorized stores. The program also provides nutrition education designed to help low-income individuals choose healthy foods and active lifestyles.

The program operates in partnership with the States. The Federal Government sets national program standards for eligibility and benefits, funds all benefit costs and approximately half of State administrative expenses, and monitors program implementation. State agencies interact directly with program participants, certifying their eligibility and issuing benefits.

To qualify for benefits, an applicant's gross income must be less than 130 percent of the poverty line (\$2,043 per month for a family of four in 2005), and countable assets (excluding the value of a home but including some vehicles) must be less than \$2,000, with special provisions for households with elderly and disabled members. The statute imposes relatively few nonfinancial eligibility restrictions, although there are limits on the participation of some legal immigrants, unemployed adults without children, students, and strikers.

The maximum monthly food stamp allotment (\$499 for a family of four in 2005) is based on the cost of the Thrifty Food Plan, a low-cost, nutritious model food plan. Maximum benefits are reduced by 30 percent of a household's net income after accounting for shelter, child care, medical, and work-related expenses. One- and two-person eligible households are entitled to a minimum monthly benefit of \$10.

In fiscal year 2005, the FSP served approximately 25.7 million people in an average month, at a total annual cost of \$31 billion. The average benefit per person was just under \$93 per month. The FSP serves slightly over half of the people eligible for benefits (56 percent in 2003) while

maintaining the highest level of payment accuracy in the program's history (a combined payment error rate—including both overpayments and underpayments—of 5.9 percent in 2004).

In Puerto Rico, the Nutrition Assistance Program (NAP) replaced the FSP in 1981 and provides food assistance for low-income residents of the Commonwealth. The NAP is funded as a block grant (\$1.5 billion in 2005) and serves about 1 million people each month.

General Opinions Expressed

- Many expressed the need to adequately fund USDA's nutrition assistance programs to ensure that all Americans can afford healthy food, to protect programs from changes that would harm poor children and families, and to further improve program effectiveness in reducing hunger.
- Many commenters noted the importance of the FSP and its role in this Nation's nutrition safety net. They also supported reauthorization of its current structure—a national entitlement program with (near) uniform standards.
- Many expressed the view that there should be no cuts in the FSP, while many others proposed policies that would increase coverage, benefit amounts, and administrative funding. Several observed that food banks, private charities, and local communities are not equipped to replace any lost food stamp benefits from program cuts.
- Many lauded the FSP's prompt and efficient response to families and individuals affected by Hurricanes Katrina and Rita.
- Many participants suggested changing the name of the FSP because electronic benefit transfer (EBT) delivery has replaced coupons, and/or to emphasize the program's nutrition purpose.
- Many want the 2007 farm bill to strengthen the image of the FSP as nutrition assistance and work support rather than welfare.
- Many spoke of the need to address the stigma associated with receiving food stamp benefits in order to improve participation among eligible persons and families.
- Many supporters of higher funding for the FSP and related programs also spoke against tax cuts for the wealthy. A few recommended reversing the tax cuts to pay for expanded coverage of nutrition assistance to the low-income population.

Improving Program Access and Targeting People in Need

- Many described how much has been done to increase food stamp participation by eligible persons and families. These testimonials highlighted their successes and commitment to continue to find innovative ways to reach needy nonparticipants.
- Many also commented on the large numbers of eligible persons (with emphasis on the elderly, disabled, and working poor) who are not enrolled in the FSP.
- Many recommended continuation and expansion of outreach efforts, USDA's national outreach campaign, and grant funding for local outreach projects.
- Some asked for increased funding for food stamp outreach, or targeted outreach for selected groups such as the elderly, Hispanics, noncitizens, working families, and farmers.
- Many participants suggested that the food stamp application process be simplified and streamlined.

- Many recommended eliminating the face-to-face interview for elderly, disabled, and others unable to travel to the nearest food stamp office to file an application. Some recommended eliminating the face-to-face interview for all households at the periodic recertification of their eligibility.
- Many suggested allowing working families, elderly, and disabled persons to submit food stamp applications by alternative means such as by mail, on-line, fax, or through authorized representatives.
- A few participants proposed expanding combined application projects (CAP) for SSI/food stamp applicants to additional States and other programs.
- Some want to allow community organizations such as food banks to initiate the food stamp application process.
- General support was expressed for electronic benefits transfer (EBT) delivery.
- A few suggested developing the capacity to issue EBT PIN numbers by telephone (i.e., remote pinning), similar to the process used by banks for authorizing credit cards.
- Some participants proposed prohibiting finger-imaging of applicants because it is seen as a barrier to participation. Some described how it intimidates legal aliens while others discussed its impact on elderly and disabled people who otherwise would not have to travel to the local office.
- Many suggested that USDA restore eligibility to all or some legal noncitizens.
- Participants generally expressed support to preserve categorical eligibility for families based on their receipt of any kind of Temporary Assistance for Needy Families (TANF) assistance.
- Several suggested expanding categorical eligibility to persons who qualify for other means-tested programs, including Medicaid and Low-Income Home Energy Assistance.
- Many participants recommended increasing the gross income limit (from 130 to 185 percent of poverty, for example) or aligning the limit with other nutrition assistance programs or TANF; some observed this would provide more coverage of the working poor and reduce complexity for caseworkers.
- Many recommended an increase or elimination of the asset limit, or alignment with other public assistance programs. Some proposed an asset limit that varies by household size.
- Some supported allowing participants under age 22 with children to form separate food stamp households.
- Some proposed restoring eligibility to former drug felons.
- Some participants recommended the elimination of the work requirement for students.
- Many suggested that USDA eliminate or lengthen the time limits for participation of able-bodied adults without children (ABAWDs).

Ensuring Adequate Benefits

- Many supported raising the minimum food stamp benefit provided to one- and two-person households from \$10 per month to amounts ranging from \$25 to \$60. Some proposed an annual inflation adjustment; others recommend expanding the minimum to all households or to all categorically eligible households; several recommended an increase for the elderly or disabled.
- Several participants described the food stamp benefit as inadequate. Many believe that the Thrifty Food Plan should be replaced as the basis for maximum food stamp allotments with a higher cost plan to ensure that benefits are adequate.

- Some participants suggested updating the Thrifty Food Plan to allow it to meet the new nutrition guidelines, particularly higher cost foods like fruits and vegetables.
- Many requested the increase or elimination of the shelter cap for all households, while several specifically targeted high-shelter-cost areas such as New York City.
- Some participants recommended adjustments—including regional standards or allowing for adjustments based on projected increases in utility costs—to the standard utility allowance.
- Some proposed an increase in the dependent care deductions.
- Some recommended an increase or expansion of the medical deduction; a few suggested standardizing the deduction, while others opposed establishment of standards that might reduce benefits for some participants.

Supporting Work

- Many participants support stronger work requirements in the FSP, while others support elimination of the Food Stamp Employment and Training Program (E&T) and work requirements on the grounds that expectations for work are properly associated with welfare programs but inappropriate for nutrition assistance programs.
- Some suggested increased funding for a more robust E&T Program, with more staffing and higher stipends for support services such as transportation, clothing, and child care.
- Some proposed to allow more flexibility on aspects of E&T such as allowable activities.
- Some suggested an increase in the period of transitional food stamp assistance for employed TANF leavers (from 5 to 6 or 12 months).
- Some would let workers keep more of their earnings before reducing food stamp benefits.
- Some proposed financial incentives to encourage or require local offices to extend office hours to serve working recipients.

Simplifying Complex Rules

- Many would like simplification of food stamp rules and processes to free up resources that can be directed to improve program access and customer services.
- Some would standardize the medical deduction, allowing an option to itemize expenses that are higher than the standard.
- Many proposed eliminating the time limit and tracking requirements for ABAWDs.
- Many suggested alignment of income and asset definitions with other entitlement programs.
- Many participants suggested combining the application process for multiple assistance programs, specifically FSP, TANF, and Medicaid.

Promoting Healthy Eating

- There was general discussion about making improved nutritional status of Americans a national priority, supporting and increasing research and outreach, and matching agricultural policy to health and nutrition policy.
- Many participants recommended various program changes intended to encourage eating habits that more closely reflect the 2005 Dietary Guidelines for Americans and USDA's MyPyramid food guidance system. Many spoke of the opportunity to influence increased consumption of whole grains, fruits, and vegetables by persons eligible for FNS programs.
- Some participants urged USDA to develop consistent nutrition and health standards across its programs using the 2005 Dietary Guidelines for Americans.

- Some participants suggested developing incentives in the food stamp benefit to encourage the purchase of fruits, vegetables, and whole grains, or restricting participants' purchases to healthier choices consistent with 2005 Dietary Guidelines for Americans. Many others wanted to continue to allow recipients to make their own choices for food purchases and support healthy choices through nutrition education.
- Some participants recommended allowing the purchase of food supplements and vitamins, while others in the nutrition field opposed the use of food stamps for buying vitamins, minerals, dietary supplements, and other nonfood items.
- Many participants wanted improved access among food stamp recipients to farmers market produce, particularly for the elderly. Many suggested expanding the use of EBT services at farmers markets and providing increased funding for wireless technologies.
- A few suggested allowing homeless persons and others who cannot prepare their meals to purchase hot foods with food stamps. Others would make this generally available, noting that the purchase of hot meals would accommodate the needs of working-poor families who frequently do not have the time to prepare the menus implicit in the Thrifty Food Plan.
- There was general support for food stamp nutrition education (FSNE) as an important component of the FSP for changing the health behaviors of individuals with limited resources. A number of comments also supported the Expanded Food and Nutrition Education Program (EFNEP) and the Community Food Project Grants.
- Some participants requested more funding and policy flexibility in FSNE.

Improving Federal-State Partnership

- Some proposed a restoration of Federal match rates to 50 percent for general administration, general increases in reimbursement for administrative costs, and higher match rates for urgent and beneficial changes in automation, program simplification, and outreach.
- Some proposed increased State flexibility to streamline administration and improve program access.

Detailed Suggestions Expressed

Improving Program Access and Targeting People in Need

- Eliminate performance measures based on error rates; the current focus has more to do with filling out paperwork correctly than whether fewer people are hungry or not.
- More emphasis should be placed on increasing the access rate instead of decreasing the error rate.
- The FSP should be perceived as a public health program, and high usage of food stamps should be viewed positively.
- Translate outreach materials to alleviate language barriers.
- Allow households to apply for food stamps at WIC centers.
- Require simpler applications that match reading ability and language proficiency of applicants.
- Letters denying food stamp eligibility should provide clear guidance about the appeal process, including the possibility that eligibility may be subsequently approved.

- The farm bill should give USDA authority to run pilots that allow regulated community agencies to have access to food stamp records with client permission so that they can perform application processing for food stamps and other needed services in one place.
- Propose more investment in technology to improve timeliness of application processing.
- Do not inactivate benefits on EBT cards older than 3 months.
- Provide one universal EBT card with one platform which saves retailers money.
- Allow more flexibility to use benefits in non-EBT establishments.
- To address low participation across programs, replace the current set of nutrition assistance programs with their different rules and create food entitlement accounts that provide food stamps, WIC, and school meals to households that meet a 185-percent-of-the-federal-poverty-income limit.
- Better inform immigrants that food stamp participation will not be held against them as a “public charge” when they decide to apply for citizenship.
- Waive the 5-year-waiting period for immigrant children who are participating when they turn 18 but have less than 5 years of U.S. residency.
- Eliminate the 5-year waiting period for the elderly and survivors of domestic violence who are legal permanent residents.
- Eliminate attribution of a sponsor’s income when determining eligibility and benefits for legal immigrants.
- Provide better coordination of services and simplified procedures for legal immigrants; create a national ID to help immigrants get food assistance.
- Expand food stamp categorical eligibility to the receipt of Earned Income Tax Credit (EITC), WIC, and Medicaid.
- Adopt income eligibility thresholds that reflect State or regional cost of living.
- Do not adjust food stamp benefits for small increases in earnings.
- Disregard earned income of members age 18 and under if in school at least part-time.
- Make the State options for simplified income and resource definitions and simplified treatment of child support payments mandatory.
- Allow grandparents and other caregiver relatives to obtain food stamps on behalf of children in their care.
- Exclude from countable income any subsidies that support families that care for foster children, adopt children, or serve as guardians for children.
- Increase the net income limit from 100 percent to 130 percent of poverty for applicants.
- Disregard retirement, burial, and educational savings accounts.
- Review able-bodied adults without dependents policies for securing jobs, training, and education versus similar policies for individuals with dependent children to determine their effectiveness.
- Restore eligibility to striking workers.
- Maintain rules that provide access to the FSP for the homeless.
- Make homeless shelter deductions mandatory.
- Extend eligibility requirements for “emancipated” young people in urban areas without a permanent address.
- Concern was expressed about the error-proneness of cases in which unrelated adults live as a family but receive separate food stamp allowances.

Ensuring Adequate Benefits

- Conduct a pilot study of a higher minimum benefit to address questions about its impact on the participation and food security of eligible nonparticipants, particularly among elderly.
- Increase and revise the deductions used to calculate income available to purchase food. Add a standardized transportation deduction for vehicle ownership and another for those relying on public transportation.
- Provide a deduction for adoption subsidies.
- Do not adjust food stamp benefits for Social Security cost-of-living increases.
- Give the heating/cooling standard utility allowance to anyone who pays unsubsidized rent.
- Revise the standard utility allowance guidance or rules to States to clarify that those receiving low-income energy assistance are qualified for the full standard utility allowance, not just a limited allowance.
- Allow the telephone deduction to include long-distance costs and cell phones if the household does not have a land line.
- To compensate for the absence of a summer school meal program, issue a special EBT card for about \$100 per child to eligible food stamp households. Pilot this approach in some rural and other areas to determine the effect on hunger.
- Allow nonfood essentials (e.g., toilet paper, soap, diapers) to be purchased with food stamps.

Supporting Work

- Increase the earned income deduction to 25 percent.
- Consider pension income to be countable earned income with regard to the earned income deduction.
- Make the State option for transitional benefits for 5 months mandatory.
- Extend transitional benefits for families in transition to self-sufficiency; provide a portion of their food stamp benefit (for example, 50 percent) for another 90 days.
- Allow the transitional food stamp benefit option for non-TANF State assistance programs such as General Assistance.
- Allow more E&T Program flexibility on matters such as allowable activities. Allow expanded use of job search to satisfy ABAWD work requirements.
- Increase child care reimbursements for employment and training participants.
- Increase the currently fixed child care deduction to reflect increases in these costs.
- Lower the age of youngest child from 6 years to 1 year old for the work registration exemption.
- Allow States to make food stamp E&T requirements compatible with those of other employment and training programs.
- Increase participation requirements in the E&T Program.

Simplifying Complex Rules

- Create a combined application process for USDA and HHS programs using multiple locations in the community.
- Create a central administrative database for multiple assistance programs.
- Eliminate all or most expense questions from the food stamp application to reduce caseworker workload.
- Increase deductions for housing and vehicular expenses.

Promoting Healthy Eating

- Maintain current food purchase rules. Do not limit food choices and continue to distinguish between food and nonfood items.
- USDA should address the out-of-date perception that a safe, affordable, and varied food supply leads to a well-nourished, healthy population and shift to a paradigm that is founded on people being able and willing to choose healthy diets.
- The Government must invest in the nutrition research and nutrition education necessary to give Americans the knowledge and ability to make their own nutrition decisions.
- Congress needs to do a comprehensive review of the Nation's nutrition policies and programs, including the key work being conducted by USDA researchers.
- Implement a comprehensive nutrition program that is fully integrated into all the FNS programs.
- Increase support for advertising for foods of high nutritional value that are available directly from farms in all regions of the United States.
- Support was expressed for FSNE social marketing campaigns.
- Create a "Market Access Program" where Federal funds would be matched by State funds to promote fruit and vegetable consumption.
- Support was expressed for Cooperative Extension as providers of nutrition education.
- Develop culturally sensitive nutrition education to enhance the likelihood of success.
- Focus of FSNE should be providing nutrition education rather than developing lists of eligible foods.
- Modify the "5 A Day" slogan to something like "50 percent of daily intake." Framing the goal that way is perceived to make it more attainable by parents.
- Assess a tax on fast food that would fund nutrition assistance programs.
- A different funding model similar to EFNEP may be more efficient and cost-effective for FSNE.

Improving Federal-State Partnership

- Increase funding match for administration of the FSP for States based on the State's increase of participating households.
- Authorize States to either issue benefits throughout the month or issue benefits twice a month, to spread out food purchases in neighborhoods with high concentration of food stamp participants.
- Continue the current waiver and policy options to ensure the overall structure of the FSP.
- Replace the waiver process for exempting ABAWDs living in areas with high unemployment with a State option.
- Maintain bonus awards for increasing food stamp access and payment accuracy.
- Require that 80 percent of bonus funds be earmarked for food stamp expenditures.
- Increase funding for technological upgrades to data management systems.
- Encourage effective use of technology to improve customer service, reduce payment errors, and lower administrative costs.
- Consider savings in administrative costs in calculating cost neutrality for demonstration projects, to encourage States to design and develop progressive food stamp strategies.

Allocate funding to States approved for demonstration projects designed to improve FSP service delivery.

- Create a national participation database to prevent duplication across States.
- Support Federal/State interagency councils in a more open and direct way.
- Strike a balance between uniform national rules and State flexibility, eliminating the uncertainty that is inherent in the current waiver process.

Nutrition Assistance Program in Puerto Rico (NAP)

- Reauthorize NAP as a block grant.
- Create a floor so that funding for NAP does not drop below 5.7 percent of the total spent on the FSP, and increase the floor by 0.3 to 0.6 percentage points each year until it reaches 8 percent, the Commonwealth's share of funding in the first year of NAP.