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Introduction

For over 35 years, the Food Stamp Program (FSP) has served as the foundation of America's national nutrition safety net. It is America's first line of defense against hunger, and offers a powerful tool for improving nutrition among low-income people.

Over the course of three and a half decades, researchers and analysts—inside government and out—have built a substantial body of evidence that the FSP makes an important difference in the lives of low-income people.

- **It touches the lives of millions of people in need of a helping hand to put food on the table.** Unlike most other government assistance, the FSP is available to nearly anyone with little income and few resources. For example, program rules do not limit benefits to families with children, the elderly, or the unemployed. Nationwide standards for eligibility and benefits create a national nutrition safety net for low-income families and individuals wherever they live.
- **It raises food expenditures and improves nutrient availability.** Participants in the FSP spend more on food than they would in the absence of the program. Providing benefits that can be spent only on food raises food expenditures more than an equal amount of cash. In addition, there is evidence that program participation can increase the availability of some nutrients in the home food supply. In the mid-1990s, the nutrient intake of low-income people differed little from that of higher-income people—a sharp contrast from 40 years ago.
- **It responds to changing economic conditions.** The program automatically expands to meet increased need when the economy is in recession and contracts when the economy is growing, making sure that food gets to people who need it. Food stamp benefits automatically flow to communities, States, or regions of the country that face rising unemployment or poverty, providing a boost for local economies. USDA researchers have estimated that an additional \$5.00 in food stamp benefits can generate \$9.20 in total economic activity. And when the economy strengthens, participation declines.

- **It delivers billions of dollars in benefits with a high degree of integrity.** The program is effective at delivering benefits only to households that need them; more than 98 percent of all participating households are eligible for food stamp benefits. In 2004, the program achieved the highest level of overall payment accuracy in its history. The national overpayment error rate—the percentage of food stamp benefit dollars issued in excess of the amounts for which households are eligible—fell to 4.5 percent; the underpayment error rate fell to 1.4 percent. The extent of trafficking food stamps for cash is also low—only 2.5 cents of every dollar issued.
- **It provides flexibility to States while ensuring the protection of a national safety net.** The Farm Security and Rural Investment Act of 2002 continued the commitment to a national nutrition safety net and gave States substantial new opportunity to streamline complex rules and align food stamp rules with other program requirements. States can also use the FSP's waiver procedures to test changes to a variety of program rules.

The 2002 Farm Bill made several additional changes that strengthened the program by:

- Giving States new options to simplify program rules and support working families
- Restoring food stamp eligibility for many legal immigrants
- Creating a more balanced system of accountability for program performance

The current authorization of operations for the FSP extends through the end of fiscal year 2007. As the time for reauthorization approaches, it is useful to take stock of its accomplishments, identify those features that have contributed to its success, and look for ways to strengthen operations to achieve program goals more fully. To that end, the Food and Nutrition Service (FNS) has prepared this summary of past research on program operations and outcomes.

How the Food Stamp Program Works

The FSP alleviates hunger and improves nutrition by increasing the food-purchasing power of low-income households, enabling them to obtain a more nutritious diet through normal channels of trade.

The program is available to nearly anyone with little income and few resources. Program rules do not limit benefits to a specific group of people, such as the elderly, families with children, or the unemployed. As a result, the program serves a wide range of low-income persons.

Nationwide standards for eligibility and benefits create a national safety net for low-income households. Most food stamp households must have monthly gross income less than 130 percent of the Federal poverty guidelines (\$2,097 for a family of four in fiscal year 2006), monthly net income less than 100 percent of the poverty guidelines, and assets less than \$2,000. Households with elderly and disabled members are exempt from the gross income limit and must have assets less than \$3,000. Households are exempt from the income and asset tests if all members receive Temporary Assistance for Needy Families (TANF), General Assistance (GA), or Supplemental Security Income (SSI). Eligible households must also meet some non-financial criteria, including citizenship and work requirements.

To provide a better measure of disposable income available to purchase food and to encourage work, the program allows several deductions from income. The deductions include a standard available to all households; an earned-income deduction available to working households; an excess-shelter deduction for those with high housing and utility expenses; and dependent care, medical, and child support deductions for some people with particular expenses.

Food stamp benefits are based on the Thrifty Food Plan, a low-cost model food plan that reflects current nutrition

standards and guidance, the nutrient content and cost of food, and consumption patterns of low-income households. Maximum allotments vary by household size. In fiscal year 2006, the maximum allotment for a family of four is \$506 per month.

Maximum allotments are reduced by 30 percent of a household's net income. Food stamp benefits are designed to be a supplement to household food purchases from a household's own income.

Participating households receive monthly benefit allotments in the form of electronic debit cards. Food stamp benefits are limited to the purchase of food items for use at home as well as seeds and plants to produce food. Except in a few uncommon circumstances, benefits can be exchanged only at authorized food retailers. Nationwide, there are about 152,000 such retailers.

Benefits are fully funded by the Federal government, while administrative costs are shared between States and the Federal government. While FNS provides broad policy guidance, States and counties carry out the day-to-day administration. States are responsible for the certification of households and issuance of benefits; FNS is responsible for the authorization and oversight of food retailers.

The program monitors performance through a national system of quality control and a set of performance indicators. The quality control system measures the accuracy of eligibility decisions and benefit determinations against program rules for a representative sample of cases. Other performance measures include the proportion of eligible households who receive benefits and the percentage of applications processed within required timelines.

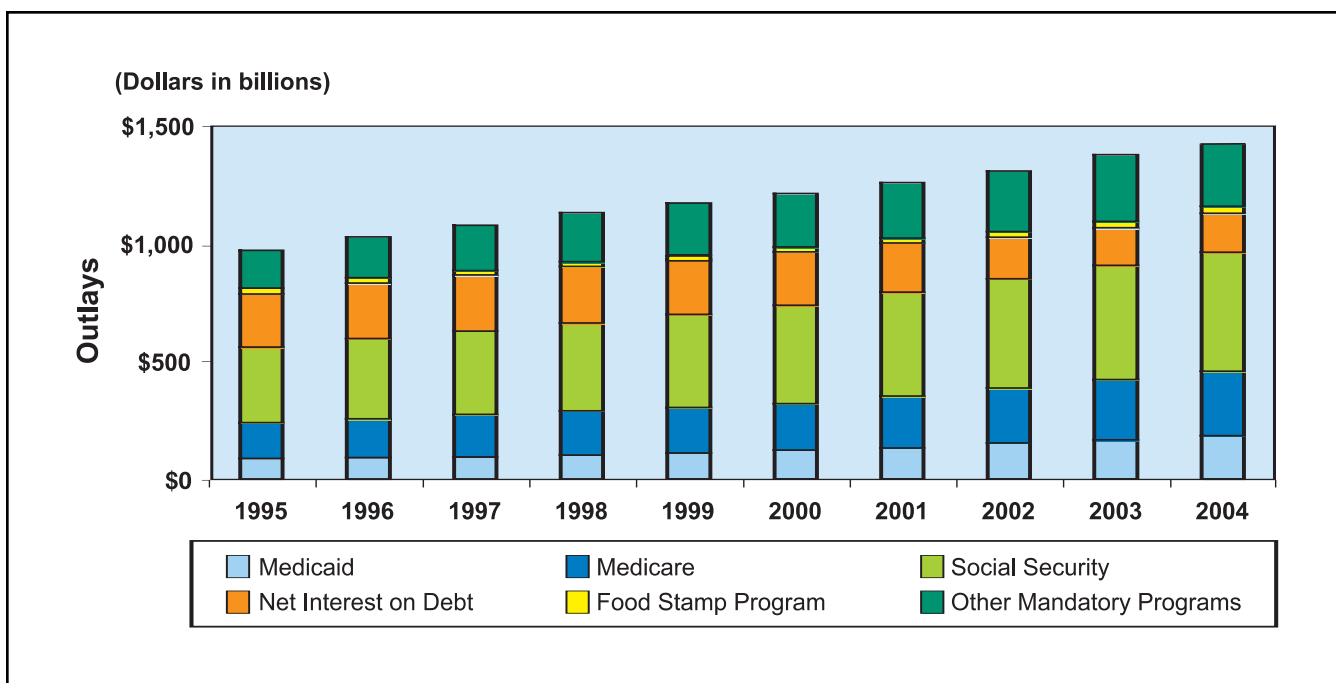
Trends in Mandatory Spending

Mandatory programs cost the Federal government more than \$1.3 trillion in fiscal year 2004. Mandatory spending accounted for 61 percent of total outlays, down from 64 percent in 1995. Social Security, Medicare, and Medicaid made up two-thirds of total mandatory outlays in 2004.

The FSP is an important, though smaller, entitlement. In 2004, it served 24 million people, providing an average monthly benefit of \$86 per person, with a total Federal cost of \$27 billion (excluding the Nutrition Assistance Program in Puerto Rico). This represents about 2 percent of mandatory spending, 1 percent of total Federal spending, and about a third of USDA spending in 2004.

The size of the FSP is diminishing relative to that of other entitlements. Food stamp spending fell from 2.5 percent of mandatory spending in 1995 to 2.0 percent in 2004, a result mainly of growth in Medicaid, Medicare, and Social Security.

Source:
Office of Management and Budget. *Fiscal Year 2006 President's Budget, Historical Tables 8.1, 8.5, and 11.3.* Available online at [\[www.whitehouse.gov/omb/budget/fy2006/pdf/hist.pdf\]](http://www.whitehouse.gov/omb/budget/fy2006/pdf/hist.pdf).





Serving Millions of Americans

Overview of Food Stamp Participation

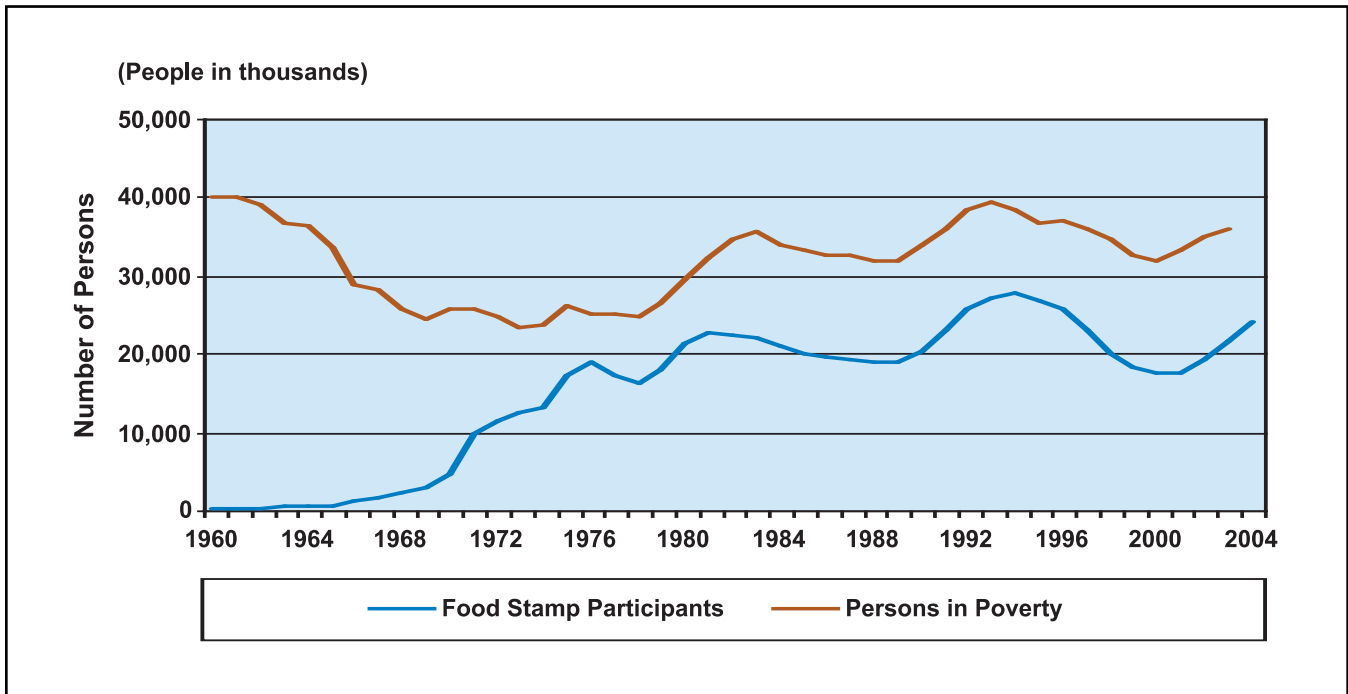
The pattern of participation in the FSP over the past 25 years has followed closely the pattern of poverty and the economic cycle in America.

- Participation declined slowly from 1983 to 1989, a result of a strong economy and possibly welfare cutbacks. It increased from 1990 through 1994 by 37 percent, driven by a slowing economy, Medicaid expansion, and changes that increased access to the FSP.
- After peaking at 28.0 million in March 1994, participation declined steadily, reaching a low of 16.9 million in July 2000 in response to a strong economy, restrictions on the eligibility of non-citizens, time limits for non-elderly childless adults, and a lower participation rate among eligible people.

- Participation began rising in 2001 as unemployment and poverty increased. At the same time, eligibility was restored for many non-citizens, vehicle rules were relaxed, States had options to simplify their reporting requirements, and FNS encouraged improved access to program benefits.
- In fiscal year 2005, growth in participation slowed and then leveled off. Through the first nine months of that year, the program served an average of 25.5 million people.

Source:

Food and Nutrition Service. *Food Stamp Program Participation and Costs*. Available online at [www.fns.usda.gov/pd/fssummar.htm].



Characteristics of Food Stamp Participants

Most food stamp participants are children. Fifty percent of all participants are under 18, and about half of all households include at least one child. Households with children receive about three-quarters of all food stamp benefits. About two-thirds of the households with children are single-parent families.

Many food stamp participants are elderly or disabled.

About 8 percent of all participants are over 59, and 71 percent of this group live alone. About 17 percent of all households include an elderly person, and 23 percent include someone who is disabled.

Forty-two percent are non-elderly adults, divided roughly equally among childless adults, single parents, and adults living with children and at least one other adult.

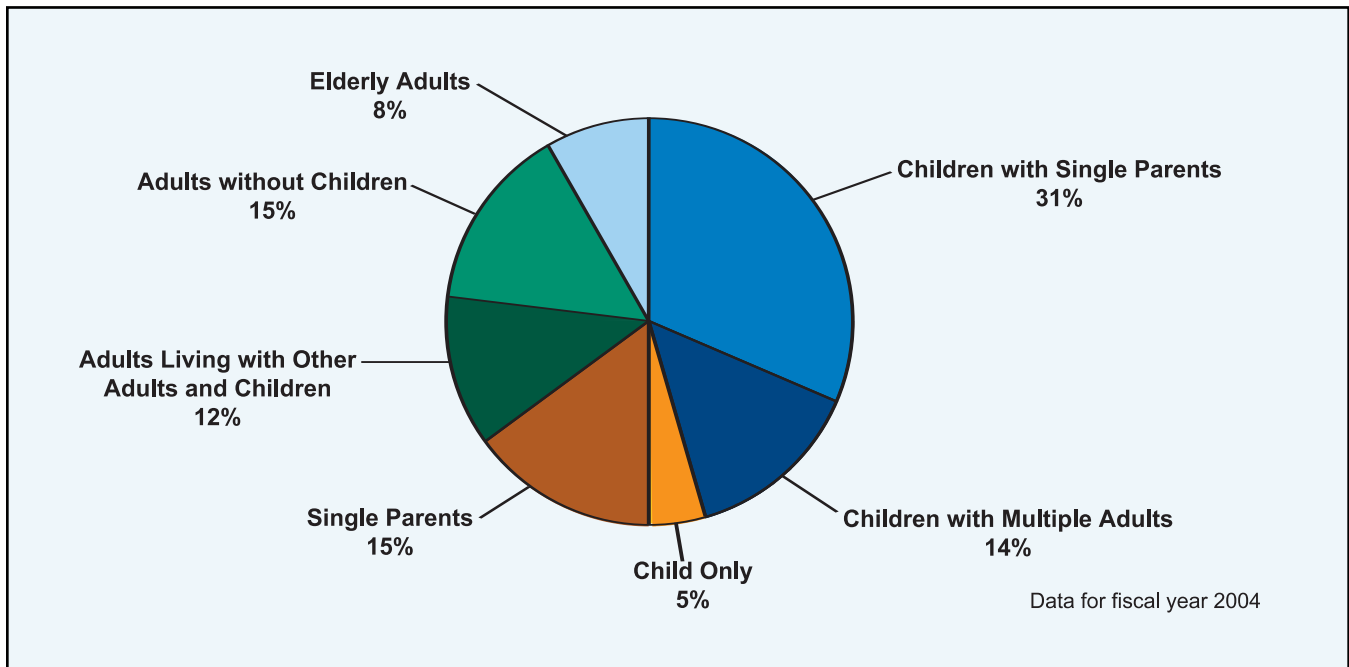
Nearly 4 percent are non-citizens, including legal permanent resident aliens and refugees. Another 3 percent are naturalized citizens.

More are non-Hispanic white (43 percent) than any other racial/ethnic category. Thirty-three percent are African American, and 19 percent are Hispanic.

Almost 40 percent of all participants live in households with earnings. About 22 percent live in households with TANF, 21 percent in households with SSI, and 17 percent in households with Social Security.

Source:

Poikolainen, Anni. *Characteristics of Food Stamp Households: Fiscal Year 2004*. Report submitted to the U.S. Department of Agriculture, Food and Nutrition Service. Washington, DC: Mathematica Policy Research, September 2005.



Changes in Characteristics of Food Stamp Participants

Over the past 15 years, earnings have replaced cash welfare payments as the most common source of income among food stamp households. The share of households with cash welfare fell from 42 percent to 16 percent between 1989 and 2004, while the share with earnings rose from 20 percent to 29 percent.

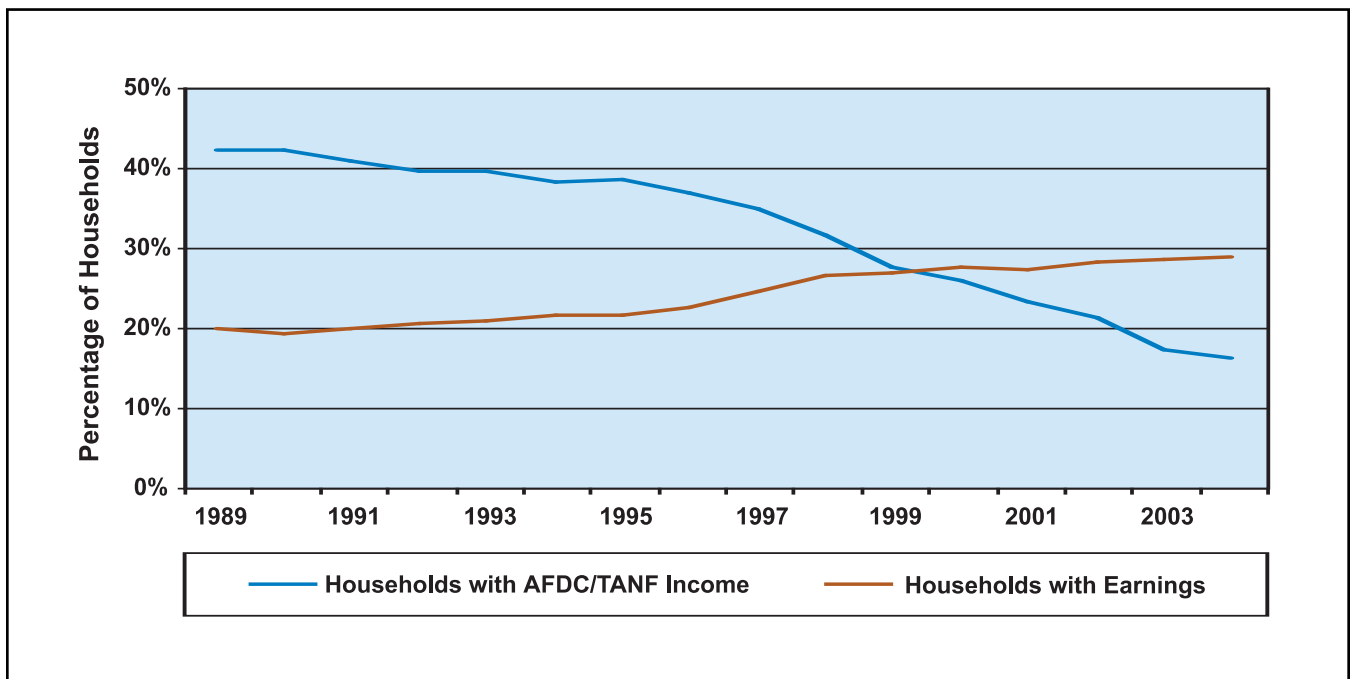
About half of all food stamp participants were children (under age 18) throughout this period.

The number of elderly receiving food stamps has remained fairly constant, since factors that drive participa-

tion changes, such as welfare policy and employment rates, don't typically affect them.

Source:

Poikolainen, Anni. *Characteristics of Food Stamp Households: Fiscal Year 2004*. Report submitted to the U.S. Department of Agriculture, Food and Nutrition Service. Washington, DC: Mathematica Policy Research, September 2005.



Food Stamp Participation Dynamics

Half of all new entrants to the program received benefits for eight months or less throughout the 1990s. Single mothers, elderly persons, and non-citizens tended to stay on longer than working poor people and childless adults without disabilities. In the late 1990s, 75 percent of new entrants left the program by month 16, five months faster than in the early 1990s.

Entrants who don't cycle off the program quickly accumulate on the caseload so that, in any given month, a substantial portion are in the midst of a long participation spell. In March 1996, for example, half the participants were in the midst of spells that had lasted more than four and a half years. As many as half will participate multiple times, one-fourth will participate for a single short spell, and one-fourth will participate for a single long spell lasting several years.

Participation in the FSP is a common experience for many Americans. One study suggests that about half (49 percent) of all children will receive benefits before they

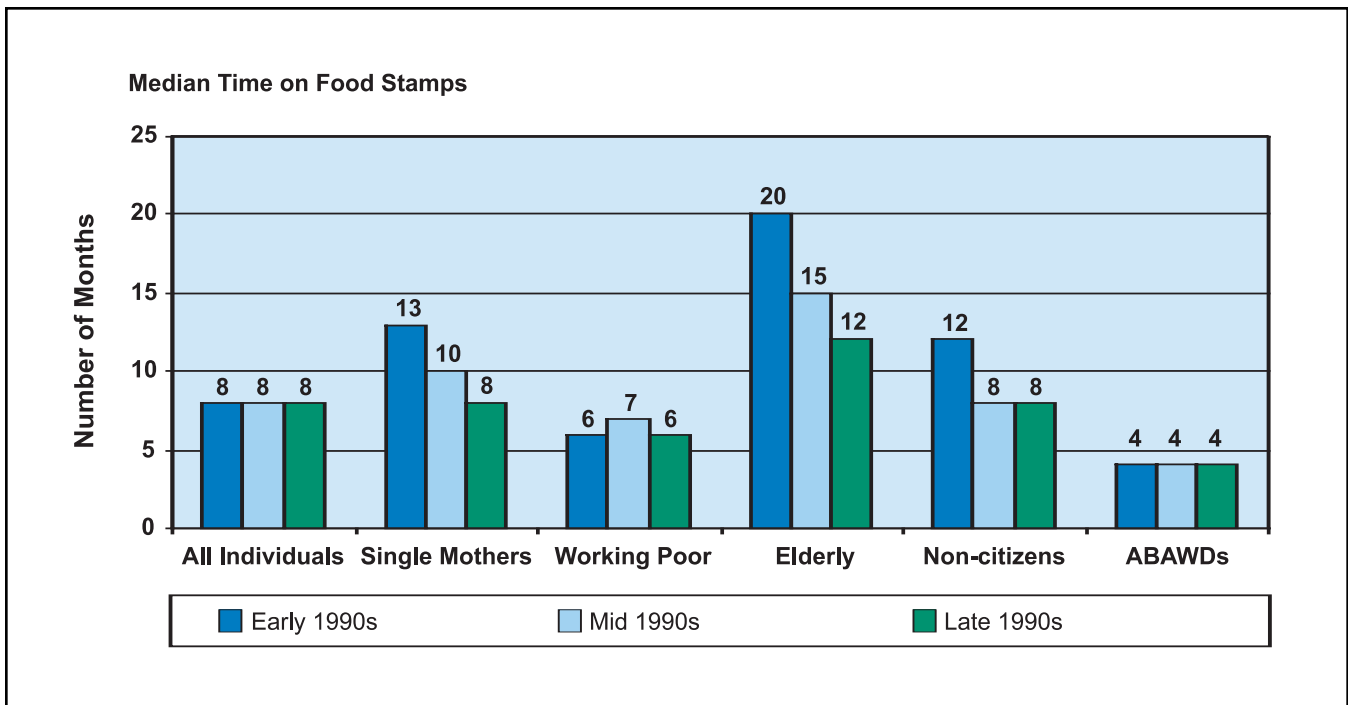
reach age 20, and about half (51 percent) of all adults will receive benefits at some point between the ages of 20 and 65.

Source:

Cody, Scott, Philip Gleason, Bruce Schechter, Miki Satake, and Julie Sykes. *Food Stamp Program Entry and Exit: An Analysis of Participation Trends in the 1990s*. Report submitted to the U.S. Department of Agriculture, Economic Research Service. Washington, DC: Mathematica Policy Research, February 2005.

Gleason, Philip, Peter Schochet, and Robert Moffitt. *The Dynamics of Food Stamp Program Participation in the Early 1990s*. Report submitted to the U.S. Department of Agriculture, Food and Nutrition Service. Washington, DC: Mathematica Policy Research, April 1998.

Rank, Mark R., and Thomas A. Hirschl. *Estimating the Probabilities and Patterns of Food Stamp Use Across the Life Course*. Report submitted to the U.S. Department of Agriculture, Economic Research Service. Chicago: Joint Center for Poverty Research, University of Chicago and Northwestern University, February 2003.



Measured from the month the person entered the Food Stamp Program.

Multiple Participation in Nutrition Assistance Programs

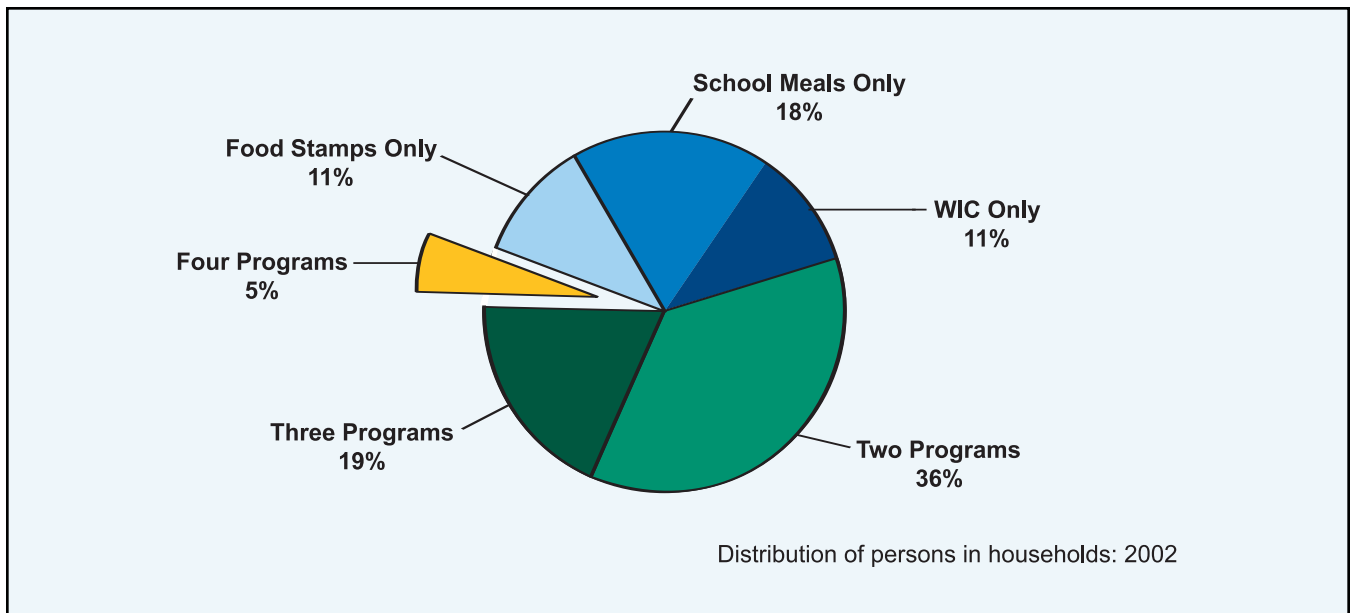
Most families who participate in nutrition assistance programs do not enroll in every program. Among all people that participate in at least one of four major nutrition assistance programs (food stamps, free or reduced-price lunch and breakfast, and WIC), only 5 percent live in families that receive all four, and 40 percent live in families that receive only one.

Over one-third (37 percent) of the participants in nutrition assistance programs receive food stamps; 11 percent receive only food stamps, 17 percent receive only school meals (lunch or breakfast), and 11 percent receive only WIC.

The most common participation combination includes food stamps and school meals (15 percent). Virtually all families in which a child receives a free or reduced-price school breakfast also receive free or reduced-price school lunch.

Source:

Trippe, Carole, and Karen Cunyningham. *Multiple Benefit Receipt among Persons Receiving Food Assistance and Other Government Assistance in January 2002*. Report submitted to the U.S. Department of Agriculture, Food and Nutrition Service. Washington, DC: Mathematica Policy Research, May 2004.





Ensuring Access

Food Stamp Participation Rates

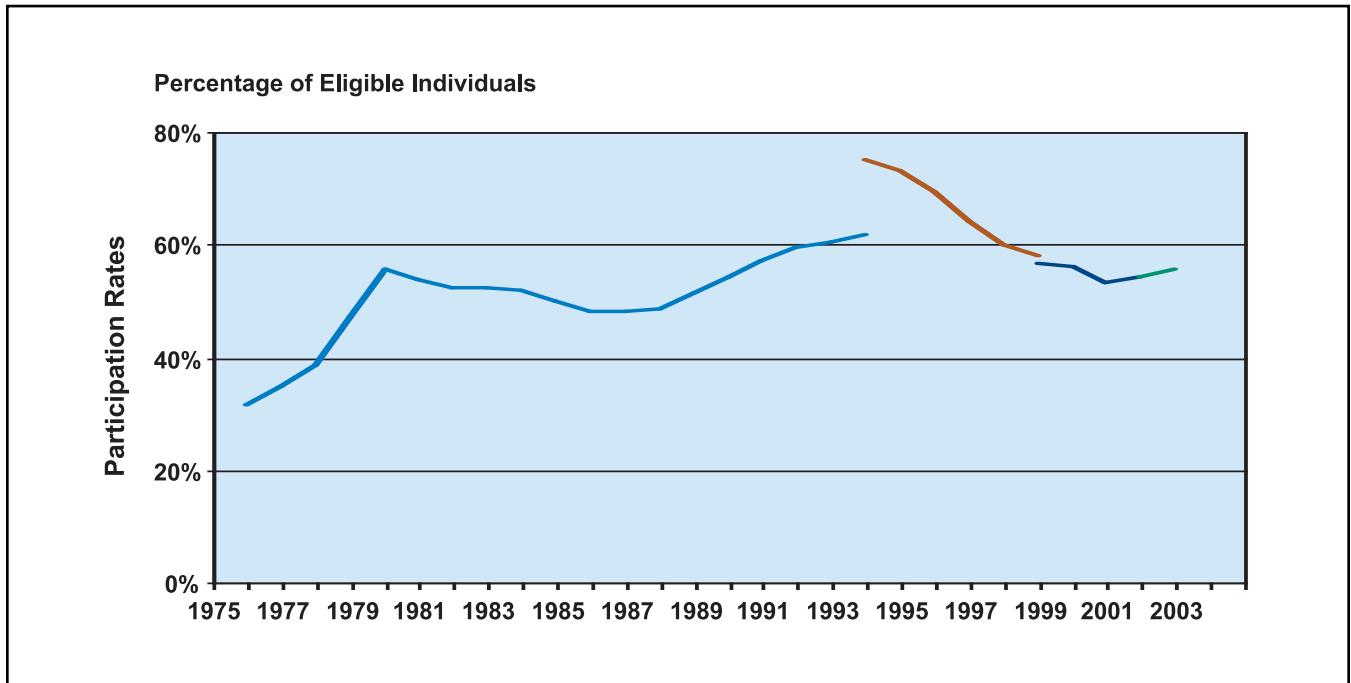
One important measure of a program's performance is its ability to reach its target population, as indicated by the fraction of people eligible for benefits who actually participate.

The participation rate among people eligible for food stamps rose to 54 and 56 percent, respectively, in 2002 and 2003, after a seven-year decline. The participation rate remains below the high rates of the mid-1990s, as the pool of eligibles has expanded even faster than participation. Economic changes, trends in other public assistance programs (notably TANF), less restrictive vehicle asset rules, and the restoration of eligibility for many legal non-citizens all contributed to this expansion.

The program provided 65 percent of the total benefits possible, an indication that benefits reach those most in need. While only 22 percent of eligible persons with income above poverty participate, 79 percent with incomes below poverty participate. Those with incomes between 1 and 50 percent of poverty participate at a rate of 93 percent.

Source:

Cunningham, Karen. *Food Stamp Program Participation Rates: 2003*. Report submitted to the U.S. Department of Agriculture, Food and Nutrition Service. Washington, DC: Mathematica Policy Research, July 2005.



Breaks in the trend line represent transitions to improved estimation methods.

Food Stamp Participation Rates by Group

Persons in households receiving TANF and in households with children have the highest participation rates. The participation rate among persons in households receiving TANF is twice that of those in households with earnings. Children participate at almost three times the rate of elderly people.

Participation rates are lowest among the elderly and adults without children. Less than one-third of eligible elderly and non-disabled childless adults receive benefits. People in households with earnings or in households with citizen children living with non-citizen parents participate at lower-than-average rates.

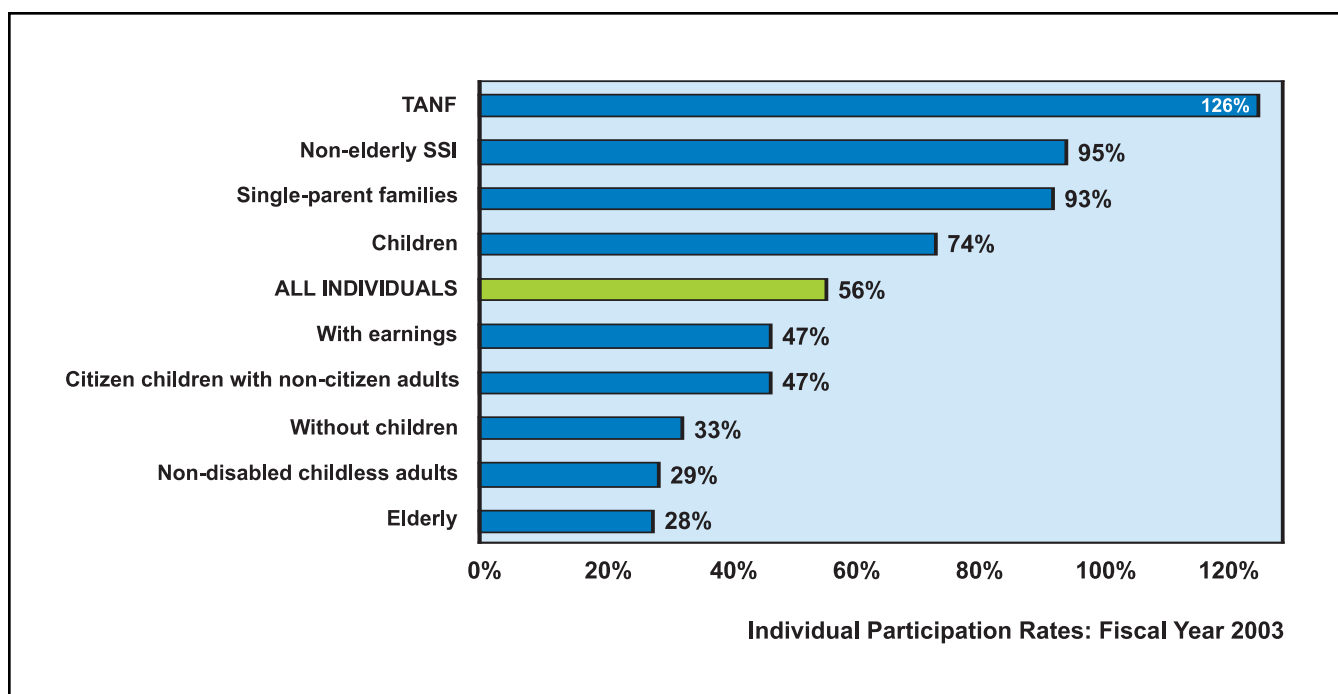
For most groups of participants, participation rates increase as benefits increase, and participants receive

higher benefits than would eligible non-participants. But many eligible non-participants forgo a substantial benefit. Nearly 60 percent of all eligible non-participants would qualify for a monthly benefit of more than \$100, and nearly 30 percent would qualify for more than \$200.

Source:

Cunningham, Karen. *Food Stamp Program Participation Rates: 2003*. Report submitted to the U.S. Department of Agriculture, Food and Nutrition Service. Washington, DC: Mathematica Policy Research, July 2005.

Downer, Rosemarie. *Food Stamp Benefits and Participation Rates within Demographic Groups*. Alexandria, VA: Food and Nutrition Service, Office of Analysis, Nutrition, and Evaluation, July 2005.



Subgroups overlap. Estimates exceed 100 percent because of underreporting of TANF receipt.

State Food Stamp Participation Rates

Participation rates among eligible persons vary widely among States. In fiscal year 2002, rates ranged from a low of 39 percent in Massachusetts to a high of 81 percent in Oregon.

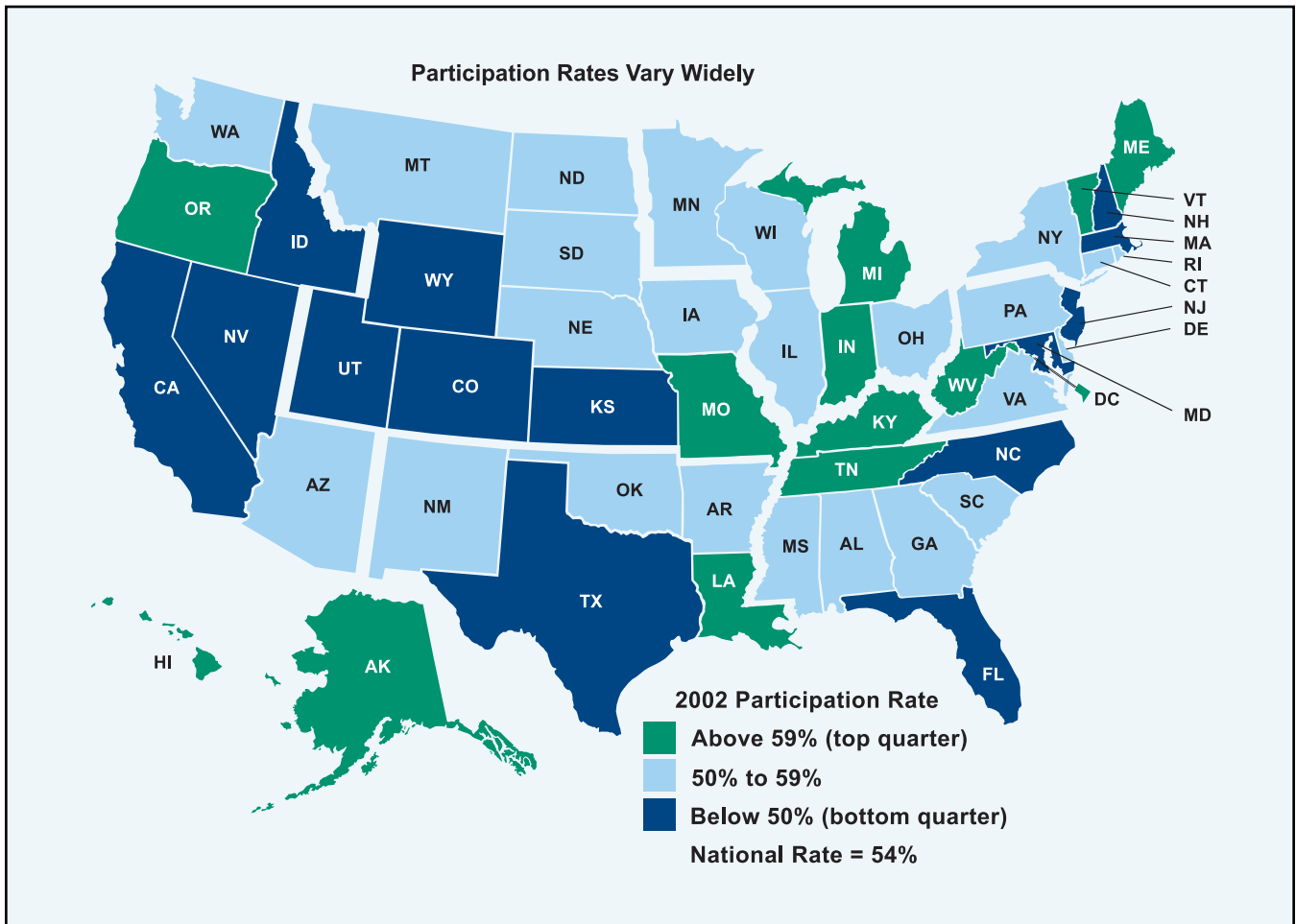
While rates remained unchanged for most States between fiscal years 2000 and 2002, they improved in Arizona, Indiana, and Oregon and declined in the District of Columbia, Hawaii, Maine, New York, New Jersey, Pennsylvania, Vermont, and West Virginia.

Some States have had consistently high and low rates relative to other States. From 2000 to 2002, the District of

Columbia, Hawaii, Kentucky, Louisiana, Maine, Michigan, Missouri, Oregon, and West Virginia had significantly higher rates than two-thirds of the States, while Idaho, Massachusetts, Nevada, North Carolina, Texas, and Utah had significantly lower rates than two-thirds of the States.

Source:

Castner, Laura A., and Allen L. Schirm. *Reaching Those in Need: State Food Stamp Participation Rates in 2002*. Report submitted to the U.S. Department of Agriculture, Food and Nutrition Service. Washington, DC: Mathematica Policy Research, March 2005.



Reasons for Not Participating in the Food Stamp Program

There are many reasons why people eligible for benefits might not apply. Five of the most common reasons cited in the research literature are (1) lack of information about eligibility, (2) a sense that benefits are not needed, (3) dissatisfaction with the size of the benefit, (4) the complexity of the application process, and (5) the stigma attached to participation.

Most non-participation in the FSP does not stem from a lack of basic awareness of the program. Nearly all non-participants (96 percent) know of the program, two-thirds know where to go to apply for benefits, and half have received food stamps before as adults.

Lack of information about eligibility is a more important reason for non-participation. Less than half of all apparently eligible non-participants think that they are eligible.

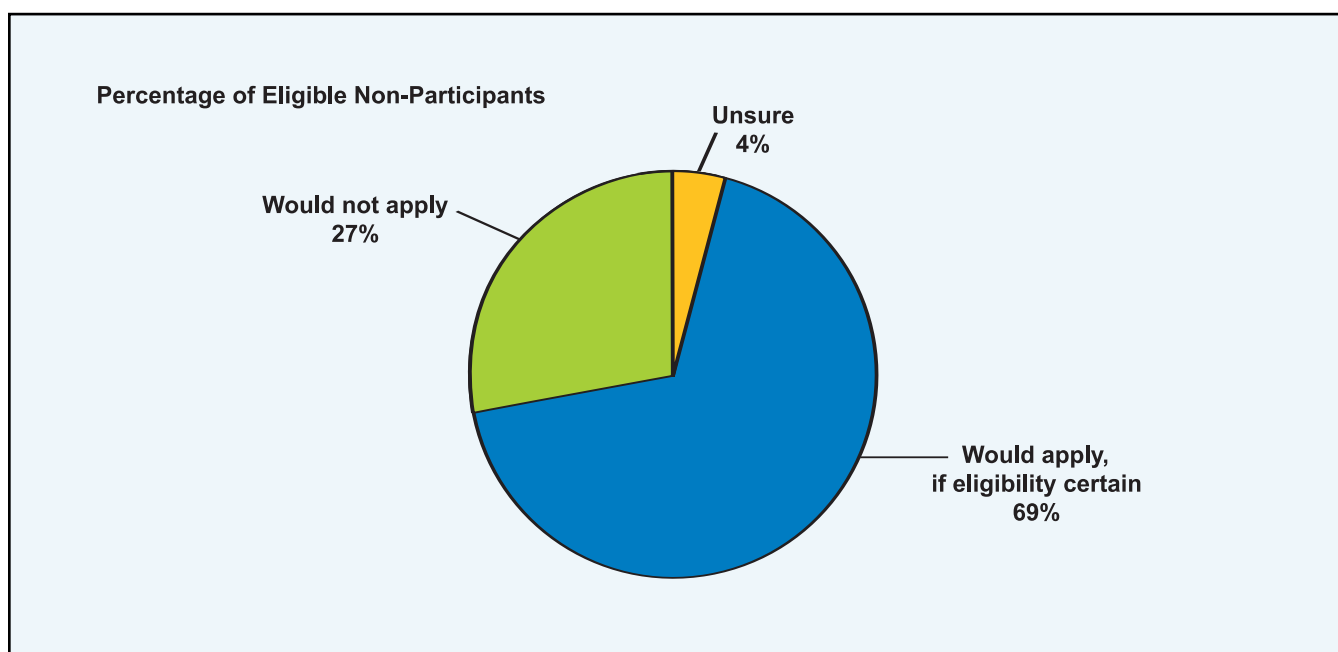
Most non-participants (69 percent) would apply for food stamp benefits if they knew that they were eligible.

Nevertheless, 27 percent would not apply even if they knew they were eligible. The vast majority (91 percent) of these households who would not apply most often cite a desire for personal independence as their reason.

Source:

Bartlett, Susan, and Nancy Burstein. *Food Stamp Program Access Study: Eligible Nonparticipants*. Report submitted to the U.S. Department of Agriculture, Economic Research Service. Cambridge, MA: Abt Associates, December 2003.

Ponza, Michael, James Ohls, Lorenzo Moreno, Amy Zambrowski, and Rhoda Cohen. *Customer Service in the Food Stamp Program*. Report submitted to the U.S. Department of Agriculture, Food and Nutrition Service. Washington, DC: Mathematica Policy Research, July 1999.



Encouraging Participation

Public education increases awareness of the program and its benefits. Outreach efforts to educate the public occur in offices covering three-fourths of the national caseload.

Smaller offices are somewhat more likely than larger ones to conduct outreach. In areas where a large number of outreach models are used, non-participants who are eligible for food stamps are more likely to perceive themselves as eligible.

FNS is committed to ensuring that all persons eligible for the FSP participate. FNS supports the efforts of State and community organizations to reach those eligible for the program and to educate the public about program benefits.

In fiscal years 2001 and 2002, FNS awarded \$8.5 million in grants to 33 community and faith-based organizations to educate the public about the program, reach underserved and hard-to-reach non-participating eligible persons, and address barriers to participation. Grantees developed prescreening tools (such as paper forms, software, and Internet-based tools); disseminated information through various media and hotlines; and provided application assistance, transportation, and alternative eligibility process options.

Evaluations of these grants revealed that partnerships with community groups serving low-income families help increase participation; cooperation with the local food stamp office is essential; technology for eligibility prescreening and application, while difficult, can pay off; successful outreach requires more than education about the program; and the groups with the lowest food stamp participation—immigrants, seniors, and the working poor—are the most difficult to reach.

In 2002, FNS also awarded grants to six States to test three models for reducing barriers for elderly persons. Each model—simplified eligibility rules, direct application assistance, and a commodity alternative—produced large increases in food stamp participation among eligible elderly persons (between 20 and 35 percent after 21 months of demonstration activities). Costs varied widely across the

three approaches, ranging from \$400 to \$3,800 per net new food stamp household.

Between 2003 and 2005, FNS also awarded \$15 million in grants to State and local agencies to help simplify food stamp application and eligibility systems.

Source:

Bartlett, Susan, Nancy Burstein, William Hamilton, and Ryan Kling. *Food Stamp Program Access Study: Final Report*. Report submitted to the U.S. Department of Agriculture, Economic Research Service (E-FAN-03-013-3). Cambridge, MA: Abt Associates, November 2004.

Cody, Scott, and James Ohls. *Evaluation of the USDA Elderly Nutrition Demonstrations: Volume 1, Evaluation Findings*. Report submitted to the U.S. Department of Agriculture, Economic Research Service. Washington, DC: Mathematica Policy Research, July 2005.

Gabor, Vivian, Brooke Hardison, Christopher Botsko, and Susan Bartlett. *Food Stamp Program Access Study: Local Office Policies and Practices*. Report submitted to the U.S. Department of Agriculture, Economic Research Service (E-FAN-03-013-1). Cambridge, MA: Abt Associates, December 2003.

Office of Analysis, Nutrition, and Evaluation. *Research Grants to Improve Food Stamp Program Access through Partnership and Technology: 2001 Program Evaluation Summary*. Alexandria, VA: Food and Nutrition Service, September 2004.

Zedlewski, Sheila, David Wittenburg, Carolyn O'Brien, Robin Koralek, Sandra Nelson, and Gretchen Rowe. *Evaluation of Food Stamp Research Grants to Improve Access through New Technology and Partnerships*. Report submitted to the U.S. Department of Agriculture, Food and Nutrition Service. Washington, DC: The Urban Institute (forthcoming).



Targeting People in Need

Income and Poverty Status of Food Stamp Households

Participating households had little cash income in fiscal year 2004. Almost 40 percent had incomes at or below 50 percent of the poverty level (including 13 percent with no income), and only 12 percent had cash income above the poverty level.

The FSP reduces the poverty gap. The value of food stamp benefits, when added to cash income, moved 16 percent of households to between 51 and 100 percent of poverty and boosted nearly 9 percent above poverty. Nearly one-fourth of a food stamp household’s monthly income came from food stamps.

The FSP plays an important role in improving the welfare of children in low-income households.

Participation in the program significantly reduces the depth and severity of child poverty. The average reduction in the child poverty gap—the distance below the poverty line—was 20 percent from 1988 to 2000.

Food stamp participants tend to be poorer for a longer period of time than eligible non-participants. Participants’

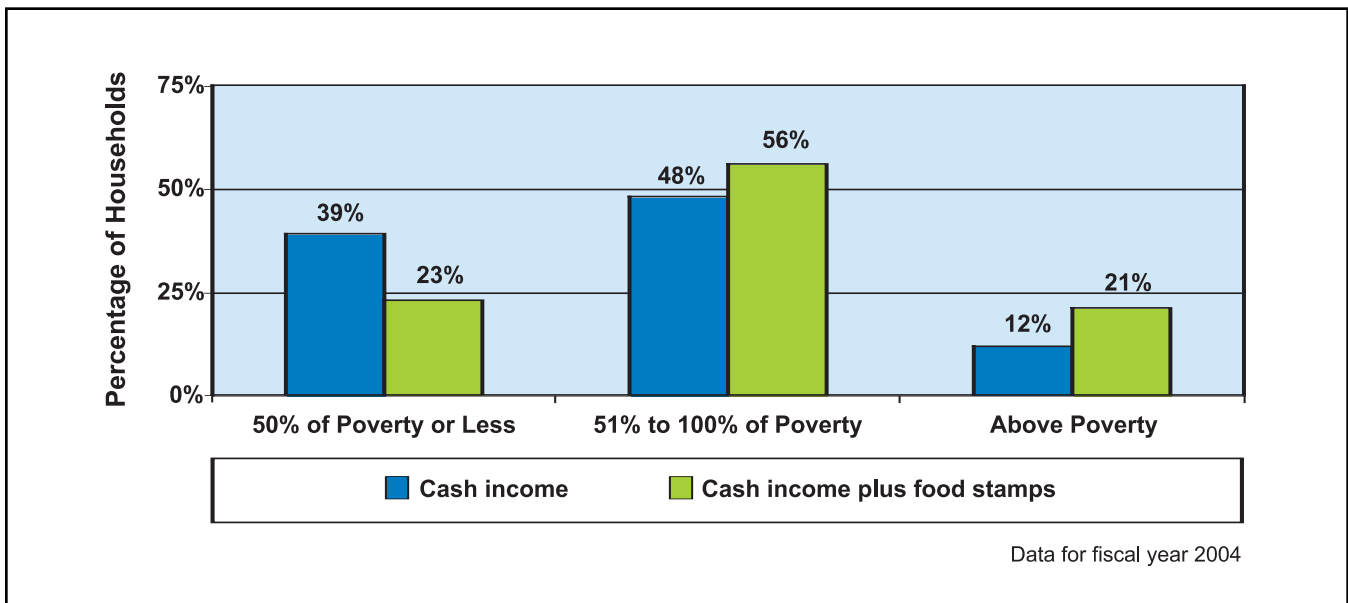
income was below 130 percent of poverty in 41 of 48 months, compared with 30 of 48 months for non-participants.

Source:

Poikolainen, Anni. *Characteristics of Food Stamp Households: Fiscal Year 2004*. Report submitted to the U.S. Department of Agriculture, Food and Nutrition Service. Washington, DC: Mathematica Policy Research, September 2005.

Farrell, Mary, Michael Fishman, Matthew Langley, and David Stapleton. *The Relationship of Earnings and Income to Food Stamp Participation: A Longitudinal Analysis*. Report submitted to the U.S. Department of Agriculture, Economic Research Service. Washington, DC: Lewin Group, November 2003.

Jolliffe, Dean, Craig Gunderson, Laura Tiehan, and Joshua Winicki. “Food Stamp Benefits and Child Poverty.” *American Journal of Agricultural Economics*, vol. 87, no. 3, August 2005, pp. 569-81.



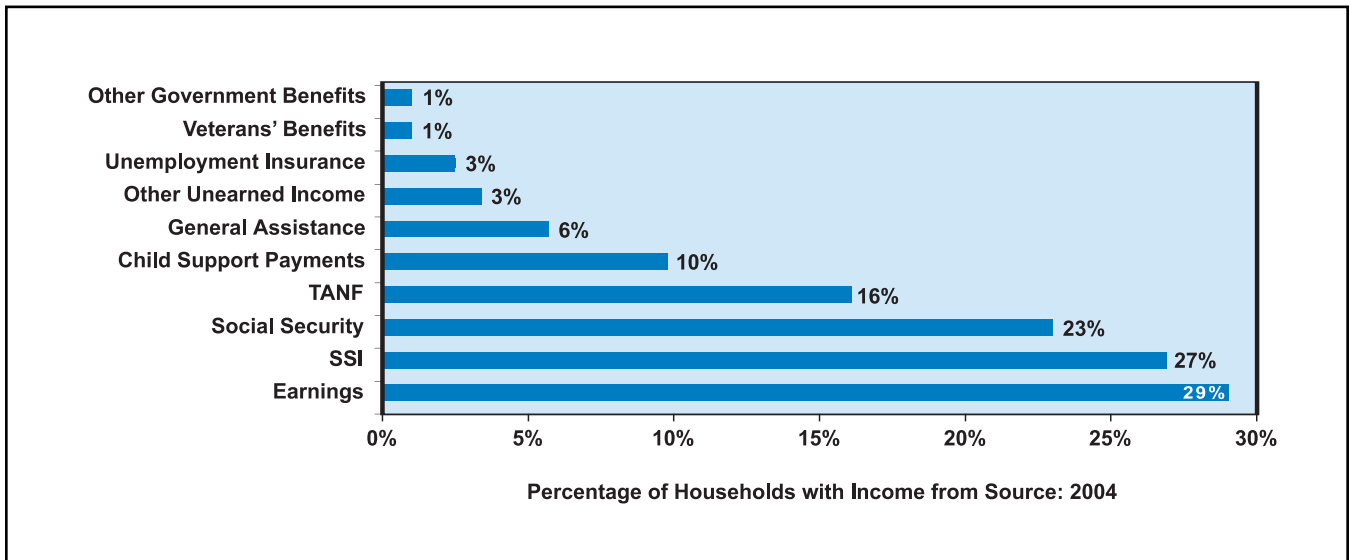
Sources of Cash Income in Food Stamp Households

Many participating households are or have been part of the labor force. About 29 percent have earnings, 23 percent receive Social Security, and almost 3 percent receive Unemployment Insurance or Workers' Compensation.

Participating households receive cash from a variety of unearned sources that help them make ends meet. About 27 percent receive SSI, 16 percent receive TANF, 6 percent receive GA, and 10 percent receive child support.

Source:

Poikolainen, Anni. *Characteristics of Food Stamp Households: Fiscal Year 2004*. Report submitted to the U.S. Department of Agriculture, Food and Nutrition Service. Washington, DC: Mathematica Policy Research, September 2005.



“Other unearned income” includes alimony, foster care payments, and dividend and interest payments. “Other government [cash] benefits” include Black Lung Benefits, Railroad Retirement payments, Workers' Compensation, and USDA payments to farmers.

Deductions Available to Food Stamp Households

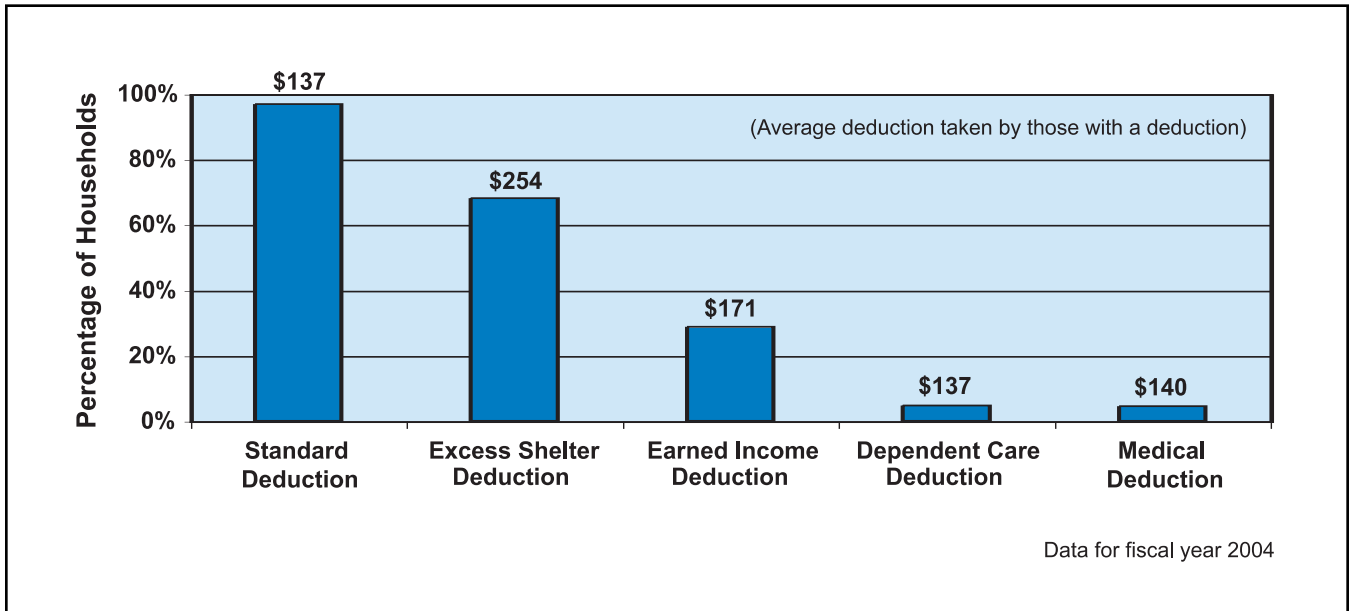
Eligibility for food stamps and determination of the benefit amount start with a household's gross income, but certain expenses can be deducted. Deductions recognize that households have expenses that reduce funds available to purchase food. They also encourage certain behaviors (such as paying child support or working).

Most households take advantage of one or more deductions. In fiscal year 2004, over two-thirds deducted excess-shelter expenses averaging \$254, and 29 percent deducted earned income, averaging \$171. Five percent deducted dependent care expenses, and 5 percent deducted allowable medical expenses. Only 1.5 percent of households took the deduction for child support payments paid to other non-household members. The standard deduction is available to all households (with the exception of some households in a few demonstrations).

Some households are not able to use the full value of deductions available to them. Because net income cannot be less than zero, households with total deductions greater than their gross income can claim only a portion of the deductions available to them. In 2004, about 13 percent of all participating households had zero gross income and received the maximum benefit without using any deductions. Another 18 percent had sufficient deductions to offset their gross income and raise their benefits to the maximum.

Source:

Poikolainen, Anni. *Characteristics of Food Stamp Households: Fiscal Year 2004*. Report submitted to the U.S. Department of Agriculture, Food and Nutrition Service. Washington, DC: Mathematica Policy Research, September 2005.



Asset Eligibility among Low-Income People

Many households with income low enough to meet the program's income limits have assets that make them ineligible for benefits. Among all income-eligible households, 30 percent had assets that were above the program's limit in 1999. Asset-ineligible households were more likely to be married, be elderly, own a home and a vehicle, and be a high school graduate. They were less likely to have income below poverty and receive TANF, GA, or SSI.

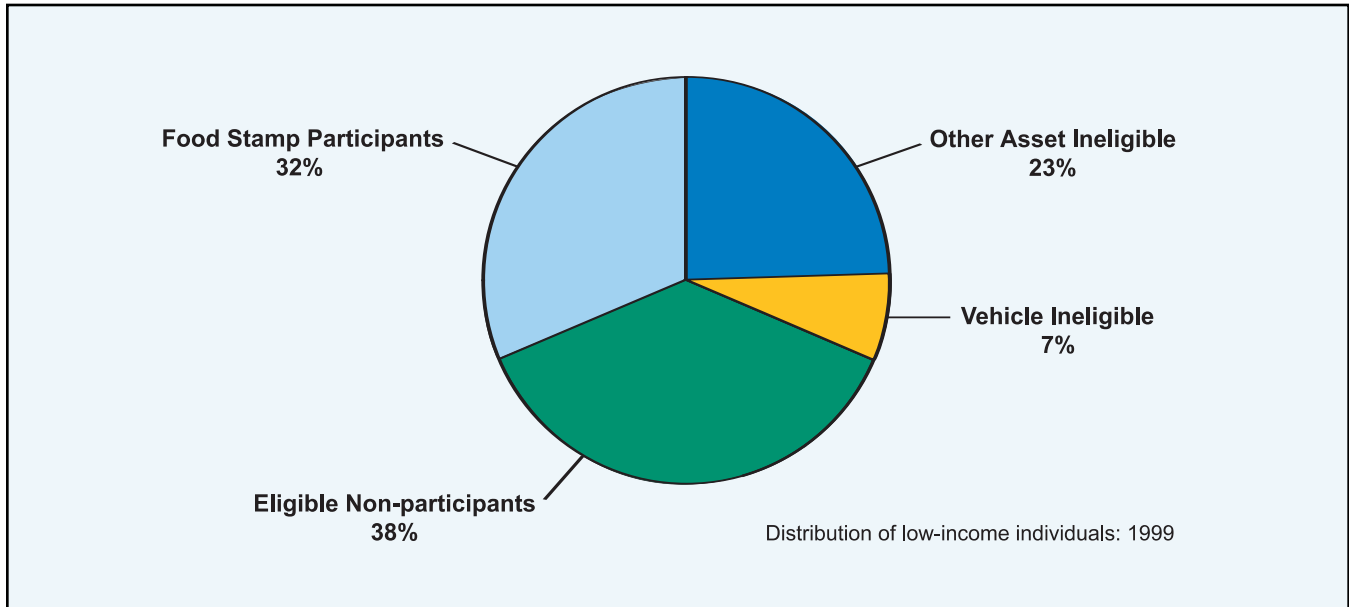
Important policy reforms have extended program benefits to many low-income families and individuals. New rules replaced outdated limits on the value of vehicles they could own. The old food stamp rules were widely seen as barriers to participation for many of the working poor, who

need reliable transportation to find and keep jobs. About 2.7 million low-income people met the new eligibility standards in 2002.

Source:

Rosso, Randy. *Tables Describing the Asset and Vehicle Holdings of Low-Income Households in 1999*. Report submitted to the U.S. Department of Agriculture, Food and Nutrition Service. Alexandria, VA: Mathematica Policy Research, September 2003.

Office of Analysis, Nutrition, and Evaluation. *Explaining Changes in Food Stamp Program Participation Rates*. Alexandria, VA: Food and Nutrition Service, September 2004.



Data are from 1999, prior to changes in vehicle rules.



Improving Nutrition

Food Expenditures among Food Stamp Participants

The FSP increases household food spending, and the increase is greater than what would occur with an equal benefit in cash. The most reliable estimates indicate that each additional dollar in food stamp benefits increases food expenditures by 14 to 47 cents. In contrast, food expenditures increase by 5 to 13 cents for each additional cash dollar.

Food stamp recipients shop frequently, making an average of 10 food stamp purchases each month. Most use their benefits within 2 weeks of issuance, regardless of amount. Most recipients report that they use careful shopping practices—comparing prices across stores, looking for store specials, and stocking up on bargains—fairly often, to stretch their food buying resources.

Vegetables, fruits, grain products, meat, and meat alternatives account for most of the money value of food used by food stamp households. These groups account for nearly three-quarters of the money value of food used at home. Lower-cost red meats (7.8 percent) and milk and yogurt (7.6 percent) account for the largest shares of food used at home.

Source:

Fraker, Thomas. *The Effects of Food Stamps on Food Consumption: A Review of the Literature*. Report submitted to the U.S. Department of Agriculture, Food and Nutrition

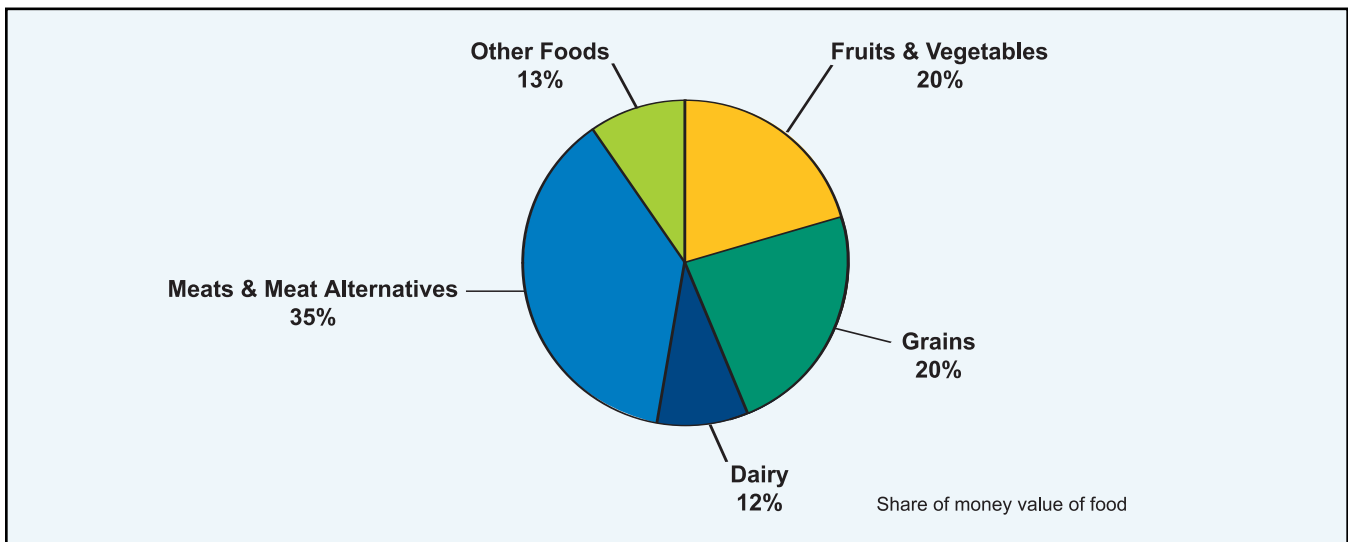
Service. Washington, DC: Mathematica Policy Research, October 1990.

Fox, Mary Kay, William Hamilton, and Biing-Hwan Lin. *Effects of Food Assistance and Nutrition Programs on Nutrition and Health. Volume 4, Executive Summary of the Literature Review*. Report submitted to the U.S. Department of Agriculture, Economic Research Service. Cambridge, MA: Abt Associates, November 2004.

Cole, Nancy. *Evaluation of the Expanded EBT Demonstration in Maryland: Patterns of Food Stamp and Cash Welfare Benefit Redemption*. Report submitted to the U.S. Department of Agriculture, Food and Nutrition Service. Cambridge, MA: Abt Associates, February 1997.

Ohls, James, Barbara Cohen, and Rhoda Cohen. *Food Stamp Participants' Food Security and Nutrient Availability*. Report submitted to the U.S. Department of Agriculture, Food and Nutrition Service. Princeton, NJ: Mathematica Policy Research, July 1999.

Ohls, James, Michael Ponza, Lorenzo Moreno, Amy Zambrowski, and Rhoda Cohen. *Food Stamp Participants' Access to Food Retailers*. Report submitted to the U.S. Department of Agriculture, Food and Nutrition Service. Princeton, NJ: Mathematica Policy Research, July 1999.



Adequacy of Food Stamp Benefits

	Benefits as a Percentage of the Maximum Allotment in Fiscal Year 2004					
	Minimum	<25 Percent	25-50 Percent	51-75 Percent	76-99 Percent	Maximum
Percentage of Households	6.1	8.9	16.9	18.7	18.8	30.6

Food stamp recipients received an average monthly benefit of about \$92 per person in fiscal year 2005. Food stamp benefit amounts are based on the Thrifty Food Plan (TFP), a nutritious, low-cost food plan that reflects current nutrition standards and guidance. Families with no net income receive the maximum allotment, the full cost of the TFP. Most food stamp households have income and receive a benefit equal to the difference between the maximum allotment and 30 percent of their net income. The maximum benefit for a family of four in 2005 was \$499, or less than \$1.40 per person per meal.

On average, low-income people in the United States consume amounts of most vitamins and minerals that meet or exceed established nutrition standards. However, usual intake of several key nutrients and food energy is lower than recommended for a substantial number of people. One study reports, for example, that 95 percent of food stamp participants had adequate intakes of food energy and 91 percent had adequate intakes of iron, but only 80 percent had adequate intakes of zinc and 75 percent had adequate intakes of vitamin C.

More than half (51 percent) of all food stamp households experienced food insecurity during 2003, and about 18 percent experienced food insecurity with hunger. The relationship between program participation and food security is complex. The program is intended to reduce hunger by increasing household purchasing power. But households

with the greatest difficulty meeting their food needs might be more likely than others to seek help.

Almost half (48 percent) of emergency food pantry users report some food stamp participation in the last year. At the same time, almost half of pantry users eligible to receive food stamps do not receive them.

Source:

Poikolainen, Anni. *Characteristics of Food Stamp Households: Fiscal Year 2004*. Report submitted to the U.S. Department of Agriculture, Food and Nutrition Service. Washington, DC: Mathematica Policy Research, September 2005.

Fox, Mary Kay, and Nancy Cole. *Nutrition and Health Characteristics of Low-Income Populations: Volume 1, Food Stamp Program Participants and Nonparticipants*. Report submitted to the U.S. Department of Agriculture, Economic Research Service. Cambridge, MA: Abt Associates, December 2004.

Nord, Mark, Margaret Andrews, and Steven Carlson. *Household Food Security in the United States, 2003*. Washington, DC: U.S. Department of Agriculture, Economic Research Service, October 2004.

Briefel, Ronnette, Jonathan Jacobson, and Laura Tiehen. *The Emergency Food Assistance System: Findings from the Client Survey*. Washington, DC: U.S. Department of Agriculture, Economic Research Service (FANRR 26-10), September 2003.

Food Stamp Nutrition Education

Food stamp participants are more likely than low-income non-participants to lack confidence about the quality of their diet. Low-income people are less likely to be confident about their knowledge of good dietary practices than others, even though they report valuing healthy eating.

Food Stamp Nutrition Education (FSNE) plays an increasing role in helping needy families make healthy food choices. Consistent with national dietary guidelines, FSNE promotes (1) consumption of more fruits, vegetables, whole grains, and low-fat dairy products; (2) daily physical activity; and (3) energy balance.

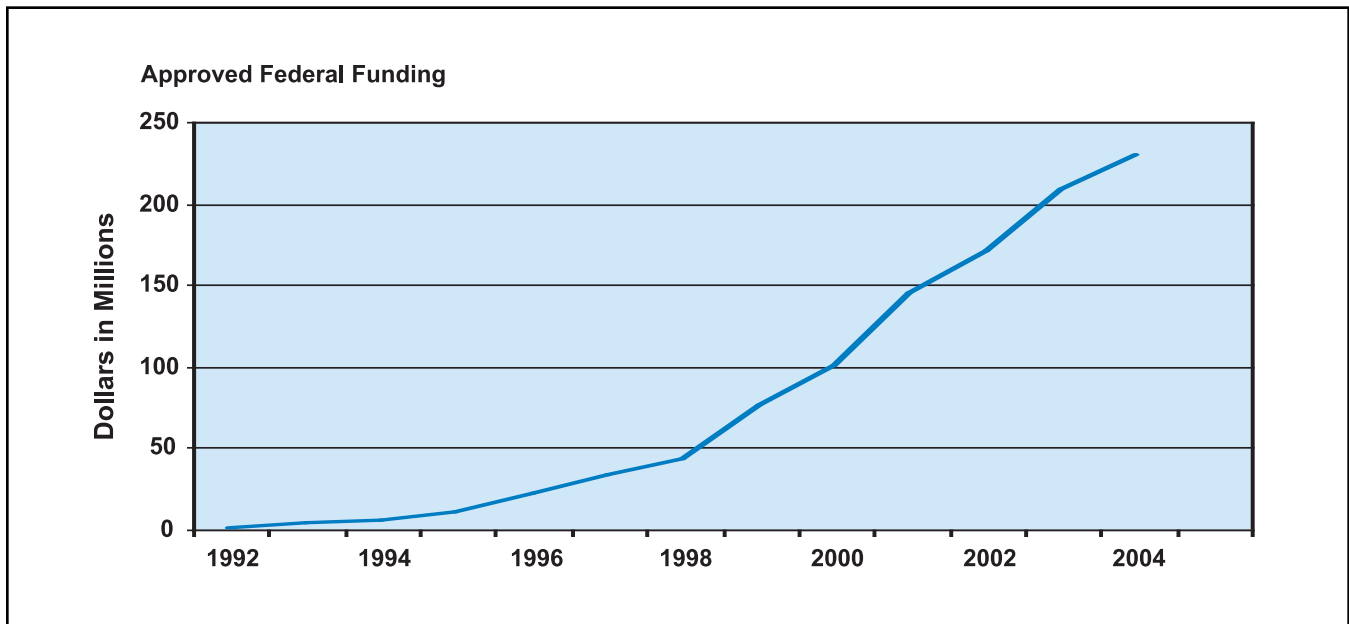
FSNE has expanded from 7 State agencies with approved plans in 1992 to 52 in 2004. Over the same time, approved Federal funding—which reimburses half a State’s allowable costs—increased from less than \$1 million to \$229 million.

While the overall expenditure is large, Federal investment per person is modest, averaging 79 cents per food stamp participant each month in fiscal year 2004.

FNS encourages nutrition education that is integrated across the country and across nutrition assistance programs. Currently, 41 States have developed State Nutrition Action Plans designed to pursue common goals across FNS programs.

Source:

Gleason, Philip, Anu Rangarajan, and Christine Olson. *Dietary Intake and Dietary Attitudes among Food Stamp Participants and Other Low-Income Individuals*. Report submitted to the U.S. Department of Agriculture, Food and Nutrition Service. Washington, DC: Mathematica Policy Research, September 2000.



Impact of Food Stamp Participation on Nutrition

The FSP increases nutrient availability for participating households, especially food energy and protein. It might also increase the availability of a number of vitamins and minerals, though the evidence is weaker. Nutrient availability is measured in terms of the food used from the home supply, typically over the course of a week.

There is little evidence that food stamp participation consistently affects individual dietary intake. Studies that have tried to assess the impact on nutrient intake at the individual level have not been conclusive, but it is widely agreed that this research suffers from a number of limitations.

Food stamp recipients are similar to low-income non-participants with respect to nutrient intakes. Food stamp recipients and low-income participants consume similar amounts of vitamins and minerals on average. They are equally likely to have adequate levels of usual nutrient intake and to eat a similar number of servings from the major food groups.

There is little research that addresses the effect of food stamp participation on nutrition-related health outcomes such as height and weight. Food stamp participation can be sporadic, and diet and health outcomes are influenced by many factors, some of which operate over extended periods.

As a result, it is difficult to establish a direct causal relationship between participation and health outcomes.

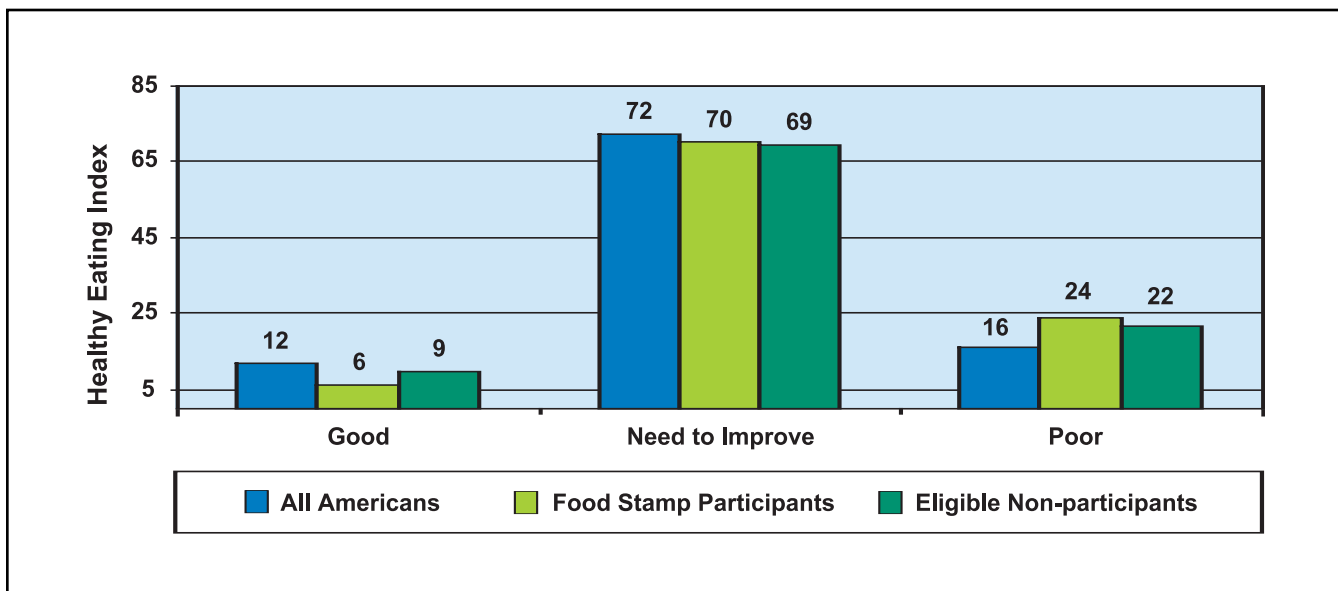
Source:

Gleason, Philip, Anu Rangarajan, and Christine Olson. *Dietary Intake and Dietary Attitudes among Food Stamp Participants and Other Low-Income Individuals*. Report submitted to the U.S. Department of Agriculture, Food and Nutrition Service. Washington, DC: Mathematica Policy Research, September 2000.

Lin, Biing-Hwan. *Nutrition and Health Characteristics of Low-Income Populations: Healthy Eating Index*. Washington, DC: U.S. Department of Agriculture, Economic Research Service, February 2005.

Fox, Mary Kay, William Hamilton, and Biing-Hwan Lin. *Effects of Food Assistance and Nutrition Programs on Nutrition and Health. Volume 3, Literature Review*. Report submitted to the U.S. Department of Agriculture, Economic Research Service. Cambridge, MA: Abt Associates, December 2004.

Fox, Mary Kay, William Hamilton, and Biing-Hwan Lin. *Effects of Food Assistance and Nutrition Programs on Nutrition and Health. Volume 4, Executive Summary of the Literature Review*. Report submitted to the U.S. Department of Agriculture, Economic Research Service. Cambridge, MA: Abt Associates, November 2004.



Prevalence of Food Insecurity

Food insecurity is the lack of access to enough food to meet basic needs at all times due to lack of financial resources. It has been measured using the Food Security Supplement to the Current Population Survey since 1995. Established income and food assistance programs help to provide a safety net for many low-income families. However, a small proportion of adults, and a smaller proportion of children, experience food insecurity with hunger.

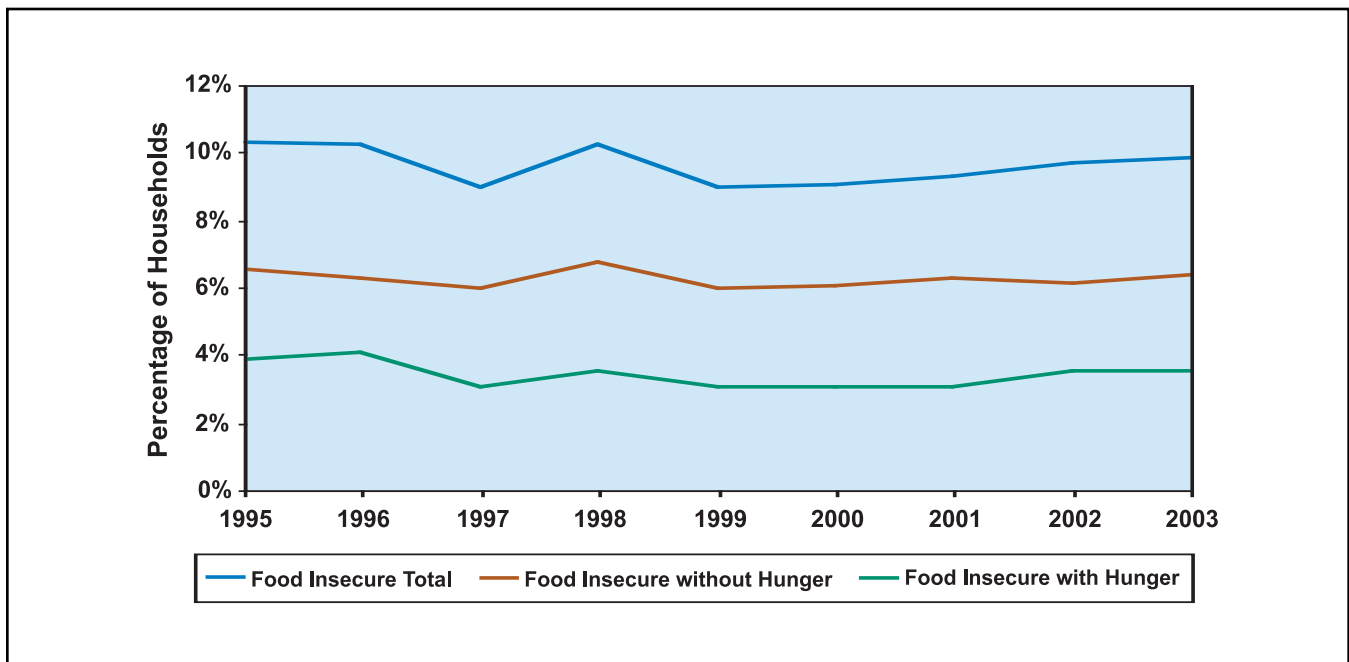
During calendar year 2003, 11.2 percent of all American households were food insecure, and 3.5 percent were food insecure with hunger. The prevalence of food insecurity and food insecurity with hunger varied considerably among different household types. Rates of food insecurity were substantially higher among households with children, those headed by single mothers, and African American and

Hispanic households. Food insecurity was more common in central cities and rural areas and in the South and West.

Federal and community food assistance programs are important resources for low-income households. In calendar year 2003, 20 percent of households reporting food insecurity used emergency food providers in their communities, and 2 percent ate meals at an emergency kitchen. During the month before the December 2003 food security survey was administered, 31 percent of food-insecure households received food stamps.

Source:

Nord, Mark, Margaret Andrews, and Steven Carlson. *Household Food Security in the United States, 2003*. Food Assistance and Nutrition Research Report No. (FANRR No. 42). Washington, DC: U.S. Department of Agriculture, Economic Research Service, October 2004.



Hunger, Obesity, and Food Stamp Program Participation

The existing research base does not yet provide enough evidence from which to draw firm conclusions about the relationship between hunger, obesity, and program participation. It is particularly difficult to establish causal links between hunger, obesity, and participation. Some have pointed to the paradox that hunger persists when a growing number of Americans are overweight, and have suggested a possible causal link. Families who run short may tend to eat more when they can because they are unsure when they will have sufficient food again. Since many studies indicate that binge eating can result in weight gain, overeating when food is plentiful could result in gradual gains over time.

The potential effects of participation in nutrition assistance programs on obesity are tangled with the effects of poverty and socioeconomic status. Since poverty is highly correlated with food stamp participation and with obesity, the independent effect of each factor is hard to determine. Existing research does not provide evidence of a consistent association between FSP participation and overweight or obesity.

New research to determine the relationship between program participation and obesity needs to address

key limitations of past studies. Of particular concern is the potential that program participants differ from non-participants in ways that could bias observed differences in weight and prevalence of obesity. Data sources used in recent research efforts were designed to approach other issues and are for the most part cross-sectional. Measurement and design issues associated with current research efforts prevent construction of a causal model. Controls for self-selection and use of longitudinal data are needed to model more fully the relationship between poverty, program participation, and obesity.

Source:

Linz, Paul, Michael Lee, and Loren Bell. *Obesity, Poverty, and Participation in Nutrition Assistance Programs*. Report submitted to the U.S. Department of Agriculture, Food and Nutrition Service. Washington, DC: ALTA Systems, February 2005.

Scheier, Lee M. "What Is the Hunger-Obesity Paradox?" *Journal of the American Dietetic Association*, vol. 105, no. 6, June 2005, pp. 883-886.



Making Work Pay

Food Stamp Program Work Requirements

States are required to establish a Food Stamp Employment and Training (E&T) Program to help food stamp recipients find work or gain the skills, training, and experience to lead to employment. In addition, able-bodied adults without dependents (ABAWDs) are limited to three months of food stamp benefits unless they meet the program's work requirements. The food stamp E&T requirement is usually the only work requirement for non-TANF food stamp households.

States reported 3.4 million new work registrants in fiscal year 2004. About two-thirds of these registrants—including an estimated 450,000 ABAWDs—were subject to the requirements of E&T. States exempted the rest from participation in E&T.

The Federal government provided States with \$101 million in direct grants and another \$128 million to match State costs to operate E&T in fiscal year 2004. The Federal government also matched \$38 million in State funds spent to reimburse E&T participants for dependent care, transportation, and other expenses.

Most participants are exempt from work registration because they are young, elderly, disabled, or already working. ABAWDs account for less than 4 percent of all participants. Many live in areas that have high unemploy-

ment or insufficient jobs, and so do not face the three-month time limit. About half of those subject to the time limit meet the program's work requirements. Overall, about 9 percent of food stamp recipients are registered for work, and two-thirds are subject to E&T requirements.

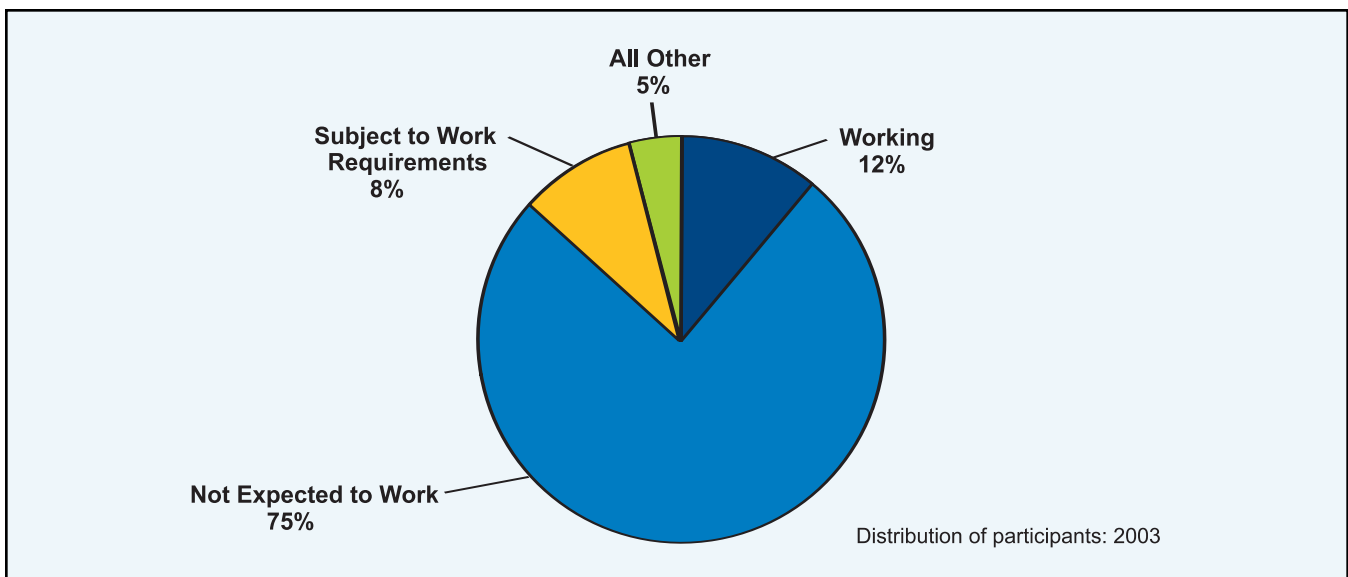
Source:

Food and Nutrition Service. *Fiscal Year 2006 Explanatory Notes*. Alexandria, VA: U.S. Department of Agriculture, 2005.

Poikolainen, Anni. *Characteristics of Food Stamp Households: Fiscal Year 2004*. Report submitted to the U.S. Department of Agriculture, Food and Nutrition Service. Washington, DC: Mathematica Policy Research, September 2005.

Czajka, John. *Imposing a Time Limit on Food Stamp Receipt: Implementation of the Provisions and Effect on Food Stamp Program Participation, Volume I*. Report submitted to the U.S. Department of Agriculture, Food and Nutrition Service. Washington, DC: Mathematica Policy Research, September 2001.

Super, David. *Work and the Food Stamp Program*. Washington, DC: Center for Budget and Policy Priorities, September 2003.



Food Stamp Program Interaction with TANF

Food stamp benefits help families on welfare move toward self-sufficiency. As welfare rolls dropped, the proportion of the food stamp caseload receiving TANF declined steadily from 37 percent in 1996 to 16 percent in 2004. In 2002, 80 percent of TANF families and 72 percent of families leaving TANF received food stamp benefits. Nationally uniform rules to calculate food stamp benefits help mitigate State-to-State variation in TANF benefits.

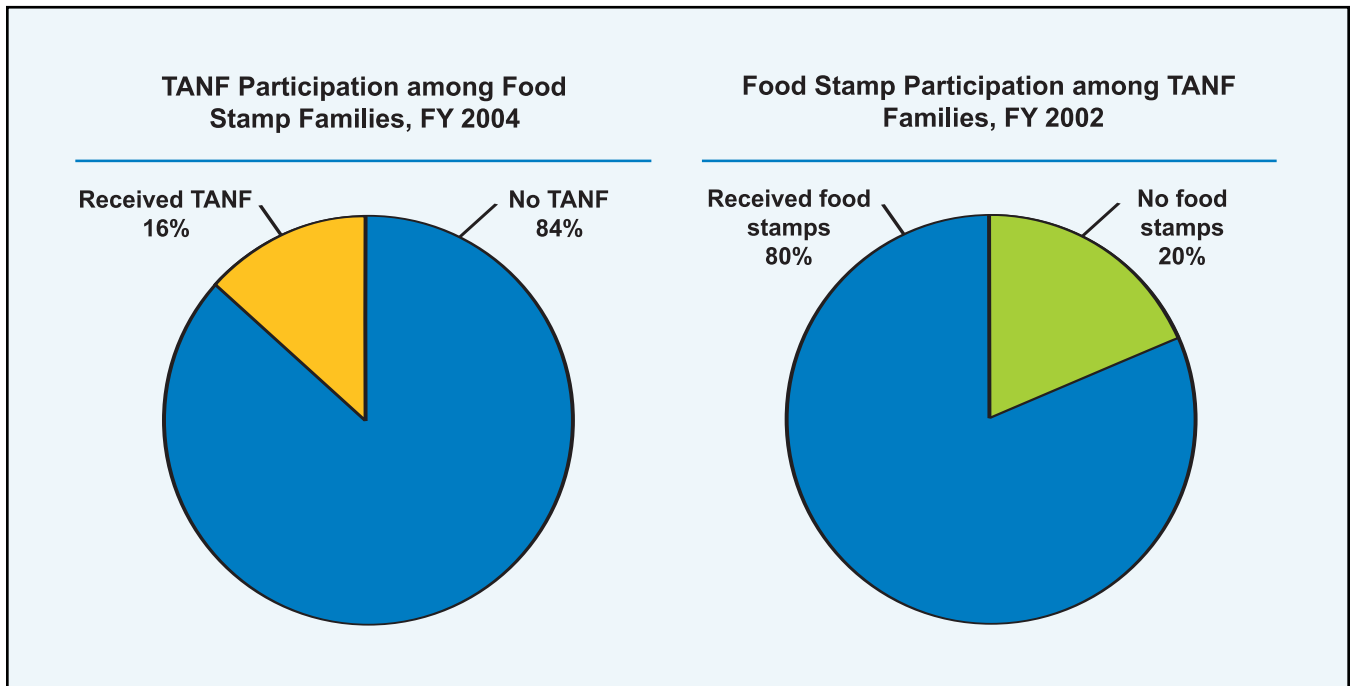
Food stamp policy options help States coordinate the administration of food stamps and TANF. States can adopt their TANF vehicle rules for food stamp eligibility determination, align the types of income and resources they exclude for determination of eligibility and benefits, disqualify food stamp applicants who fail to comply with TANF rules, and provide up to five months of transitional food stamp benefits to food stamp households leaving TANF.

Source:

Poikolainen, Anni. *Characteristics of Food Stamp Households: Fiscal Year 2004*. Report submitted to the U.S. Department of Agriculture, Food and Nutrition Service. Washington, DC: Mathematica Policy Research, September 2005.

Food and Nutrition Service. *Food Stamp Program State Options Report, Fourth Edition*. Alexandria, VA: U.S. Department of Agriculture, September 2004.

Administration for Children and Families. *Temporary Assistance for Needy Families (TANF) Sixth Annual Report to Congress*. Washington, DC: U.S. Department of Health and Human Services, November 2004.



Food Stamp Participation among TANF Leavers

Food stamp participation rates among recent TANF leavers improved substantially between 1999 and 2002.

Among families with children with incomes below 50 percent of poverty, the share receiving food stamps increased from 47 percent to 64 percent. Among those with incomes between 50 and 100 percent of poverty, the share receiving food stamps increased from 40 percent to 52 percent.

Between 1997 and 1999, most families who left TANF also left the FSP, even though two-thirds remained income-eligible. Many assumed they no longer qualified when they began working. Because they could no longer rely on a TANF caseworker for food stamp enrollment, they might have been less informed about eligibility rules and had concerns about the administrative difficulties of applying for food stamps.

Since 1999, States have implemented new rules and policy options to improve participation for TANF leavers and working poor families. These include transitional benefits for employed TANF leavers, simplified income reporting,

more-lenient rules governing vehicles, and program outreach.

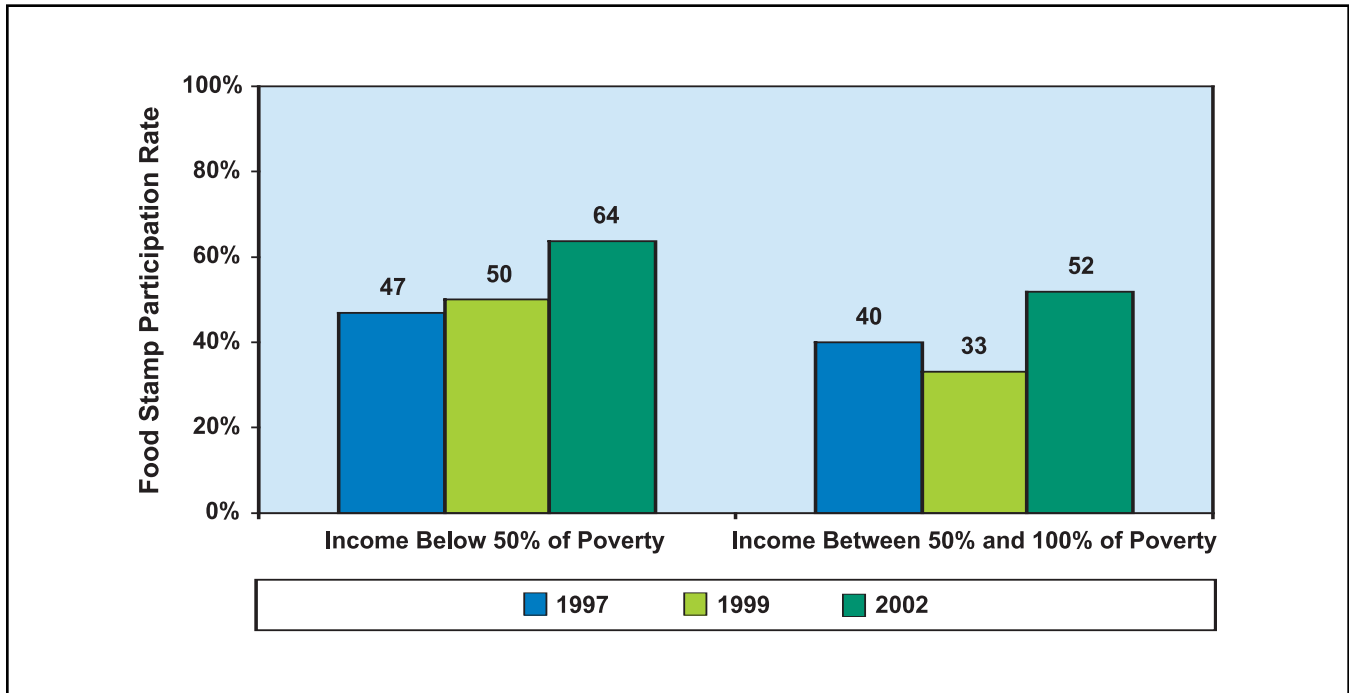
Food stamp participation by low-income families with children with no TANF experience remained steady at about 20 percent from 1997 to 2002. Lacking the connection with social services, these families have not benefited from outreach activities and more-flexible food stamp rules.

Source:

Zedlewski, Sheila R., and Kelly Rader. *Recent Trends in Food Stamp Participation among Poor Families with Children*. Washington DC: The Urban Institute, June 2004.

Zedlewski, Sheila R., and Amelia Gruber. *Former Welfare Families and the Food Stamp Program: The Exodus Continues*. Washington DC: The Urban Institute, April 2001.

Administration for Children and Families. *Temporary Assistance for Needy Families (TANF) Sixth Annual Report to Congress*. Washington, DC: U.S. Department of Health and Human Services, November 2004.



Families with children who left TANF within 2 years of survey.



Improving Administrative Efficiency

Food Stamp Program Customer Satisfaction

Overall, participating households report satisfaction with the program. Clients expressing some dissatisfaction with the program, about 25 percent of all participants, are more likely to receive lower benefits than satisfied households, reside in urban areas, associate stigma with participation, and spend more time and money applying for benefits.

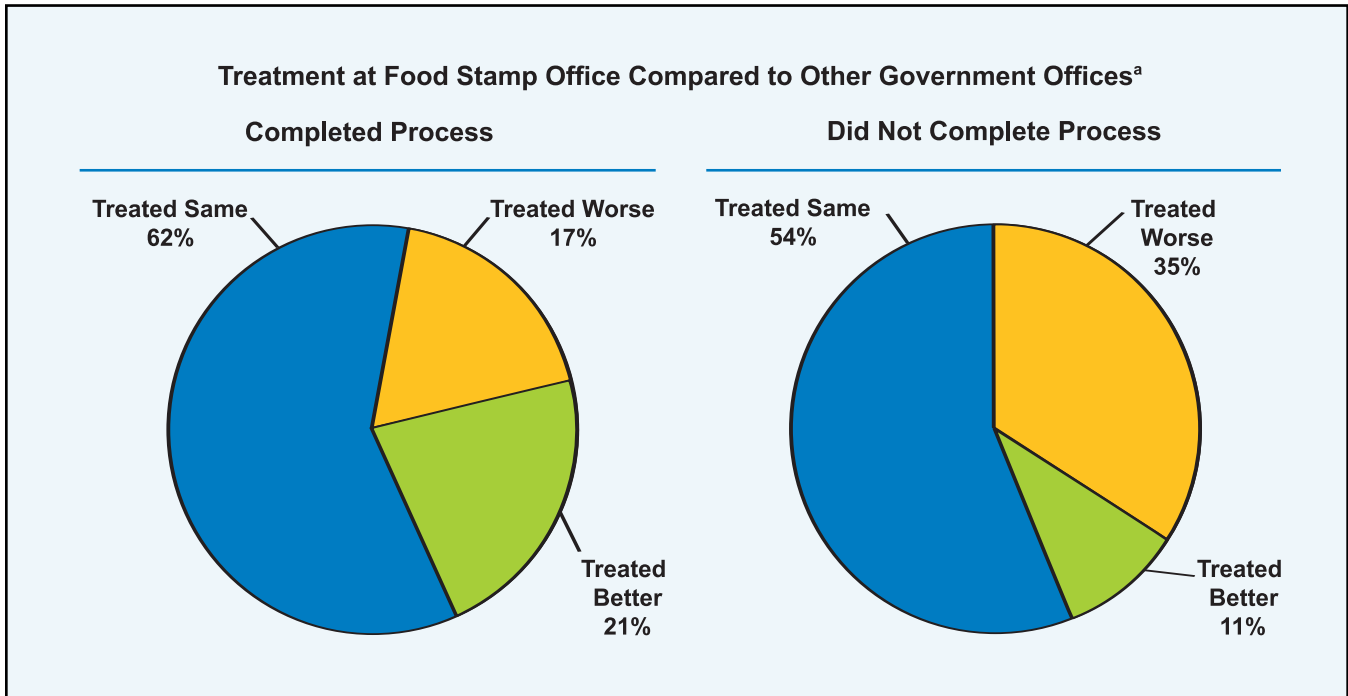
Participants must make some effort to apply for and keep food stamp benefits. On average, in 2000, successful applicants made 2.4 trips to the food stamp office for filing applications, meetings, and submitting verification documents and 1.2 trips elsewhere to acquire the documentation. They devoted 3.9 hours at the office and 2.2 hours to traveling. It appears that completing the food stamp application required somewhat more visits to the food stamp office in 2000 (2.4) than in 1996 (1.6).

Participants must also incur some cost to apply for and keep benefits. In 1996, participants spent \$10.31 (6 percent of the average monthly benefit). Each recertification cost \$5.84. Transportation accounted for most of these costs for both actions.

Source:

Ponza, Michael, James Ohls, Lorenzo Moreno, Amy Zambrowski, and Rhoda Cohen. *Customer Service in the Food Stamp Program*. Report submitted to the U.S. Department of Agriculture, Food and Nutrition Service. Washington, DC: Mathematica Policy Research, July 1999.

Bartlett, Susan, Nancy Burstein, and William Hamilton, with the assistance of Ryan Kling. *Food Stamp Program Access Study: Final Report*. Report submitted to the U.S. Department of Agriculture, Economic Research Service. Washington, DC: Abt Associates, November 2004.



^a Other government offices include Division of Motor Vehicles, voter registration, WIC, post office, and unemployment office.

Timeliness of Food Stamp Application Processing

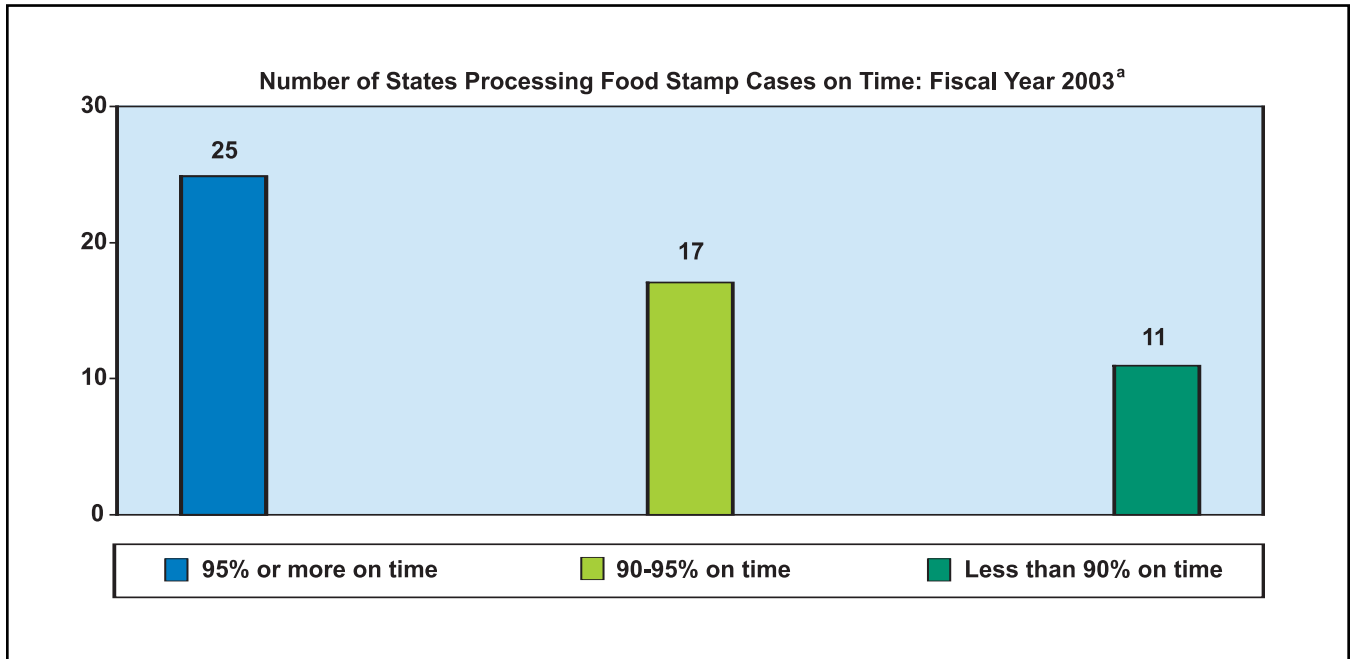
FSP guidelines ensure that people eligible for benefits receive them in a timely manner. States must act on routine applications within 30 days and within 7 days on expedited applications for people who need food assistance urgently.

In fiscal year 2003, the FSP began routine tracking of application processing timeliness using the food stamp

quality control system. Most States processed 90 percent or more of their cases on time.

Source:

Food and Nutrition Service. *Food Stamp Quality Control Data for Fiscal Year 2003*. Alexandria, VA: 2004.



^a Includes the District of Columbia, Virgin Islands, and Guam.

Food Stamp Program Payment Accuracy

The FSP has improved payment accuracy for six years in a row, culminating in a combined payment error rate of 5.9 percent in fiscal year 2004, the lowest in program history. The combined error rate is equal to the sum of overpayments (4.5 percent) and underpayments (1.4 percent). The net cost of erroneous payments to the Federal government (overpayments minus underpayments) is 3 percent. Improvements in the rate at which errors were prevented or corrected through an interim action process contributed significantly to the overall improvement in error rates between 1998 and 2001.

Virtually all (98 percent) households receiving food stamps were eligible for some benefit. Thus, the problem of erroneous payments is not so much one of determining eligibility, but rather one of finely targeting benefits to the complicated and changing circumstances of low-income households.

Neither overpayments nor underpayments had much effect on overall household purchasing power. Most

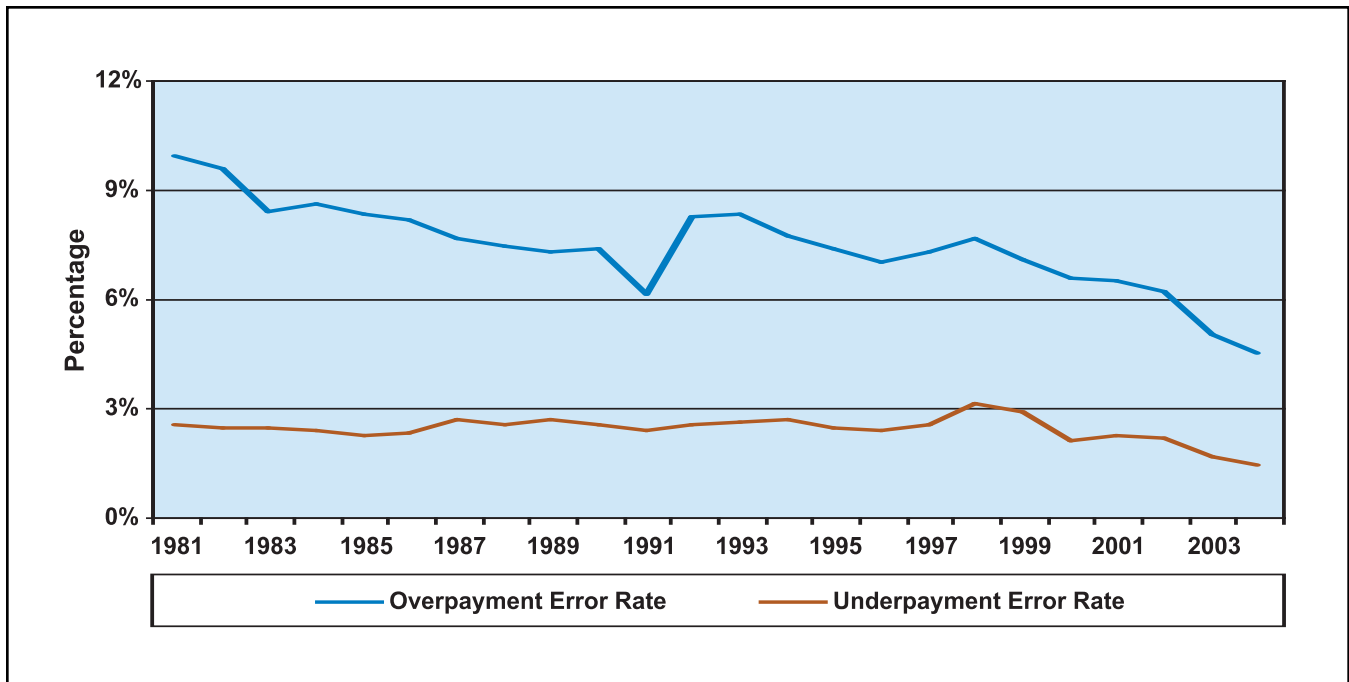
overpayments to eligible households are small relative to household income and official poverty standards. As a result, most food stamp households are poor, and remain poor even when overpaid.

Source:

Program Accountability Division. *Food Stamp Program Error Rates*. Alexandria, VA: Food and Nutrition Service, June 2005.

Office of Analysis, Nutrition, and Evaluation. *Impact of Food Stamp Payment Error on Household Purchasing Power*. Alexandria, VA: Food and Nutrition Service, March 2005.

Mills, Gregory, Don Laliberty, and Christopher Rodger. *Food Stamp Certification Periods and Payment Accuracy: State Experience During 1997-2001*. Report submitted to the Economic Research Service (E-FAN-04-012). Cambridge, MA: Abt Associates, November 2004.



The Extent of Food Stamp Trafficking

Trafficking is the sale of food stamp benefits for cash, a practice that diverts benefits away from their nutritional purpose. To combat trafficking, FNS conducts investigations of authorized food stores and uses powerful new tools—made possible by the implementation of Electronic Benefit Transfer (EBT)—to identify and sanction traffickers.

The value of food stamp benefits trafficked decreased by more than 50 percent between 1993 and 2002. Trafficking now amounts to two-and-a-half cents of every benefit dollar issued.

Stores that redeem the majority of food stamp benefits continue to have the lowest trafficking rates.

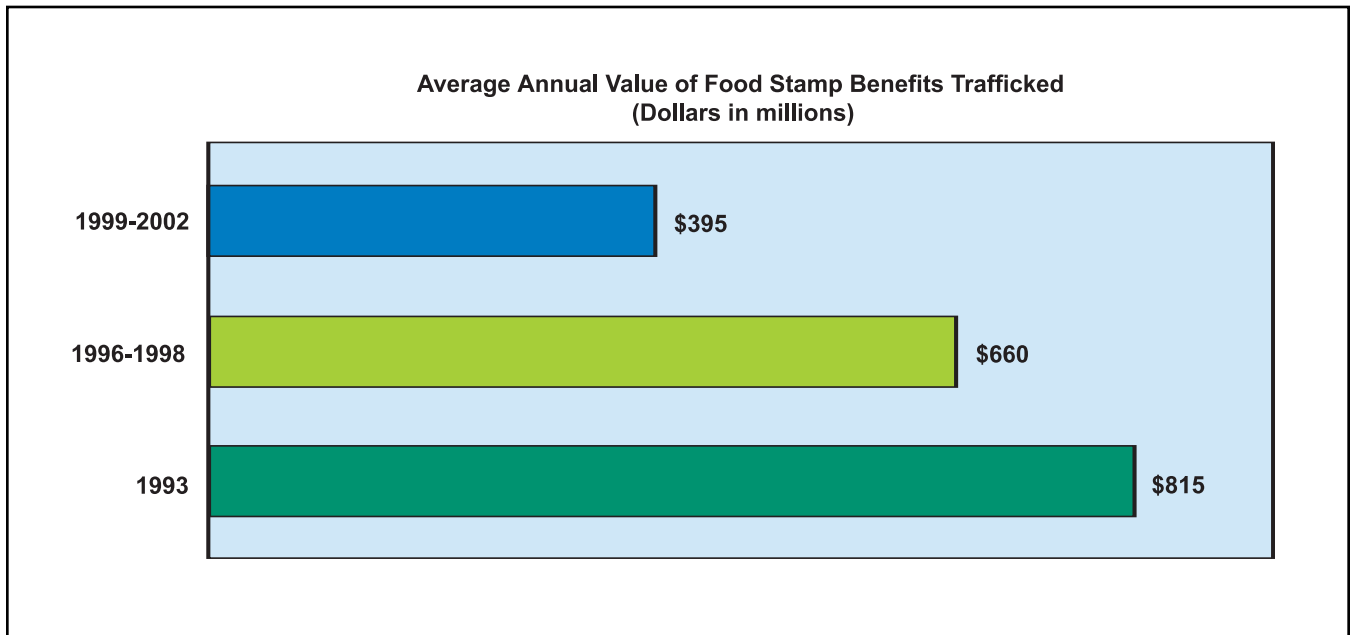
Supermarkets—where rates of trafficking are very low—redeem over 80 percent of all benefits. Small stores—which have higher rates—redeem less than 5 percent.

Source:

Macaluso, Theodore F. *The Extent of Trafficking in the Food Stamp Program: 1999-2002*. Alexandria, VA: U.S.

Department of Agriculture, Food and Nutrition Service,

July 2003.



Food Stamp Administrative Costs

In fiscal year 2004, the total cost of administering the FSP was almost \$5 billion. These costs were shared between the Federal government (\$2.3 billion) and State governments (\$2.6 billion). Sixty-one percent of those costs were for certification. Total administrative costs (adjusted for inflation) showed a moderately increasing trend between 1989 and 2004.

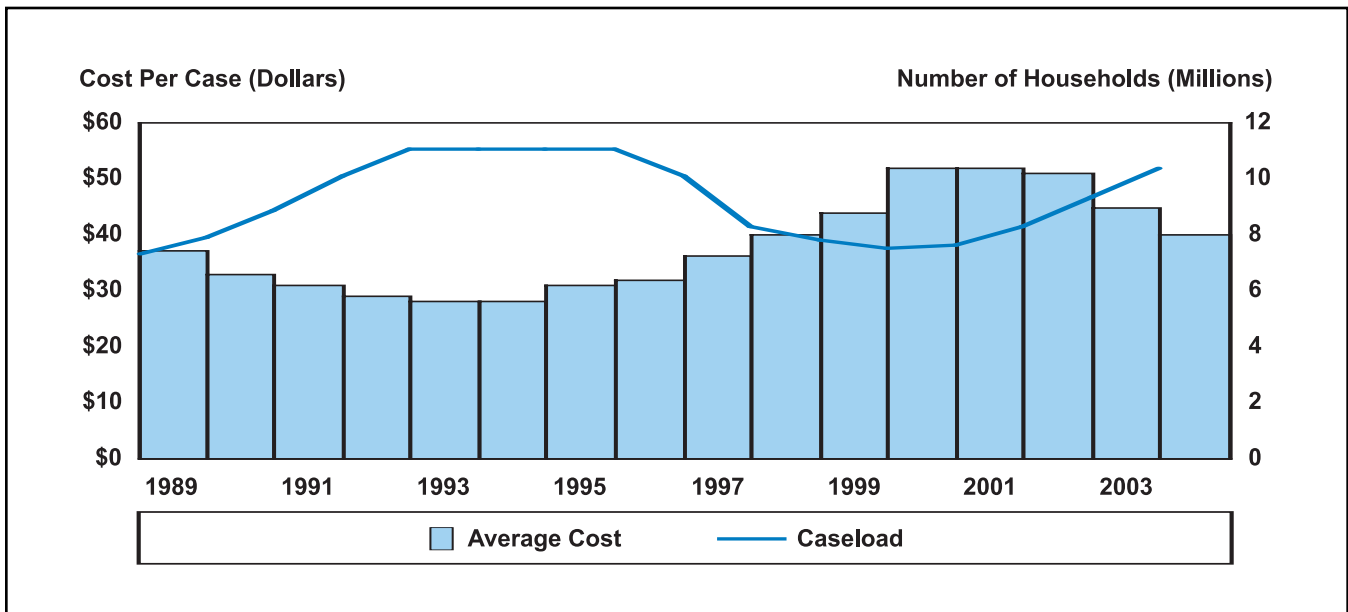
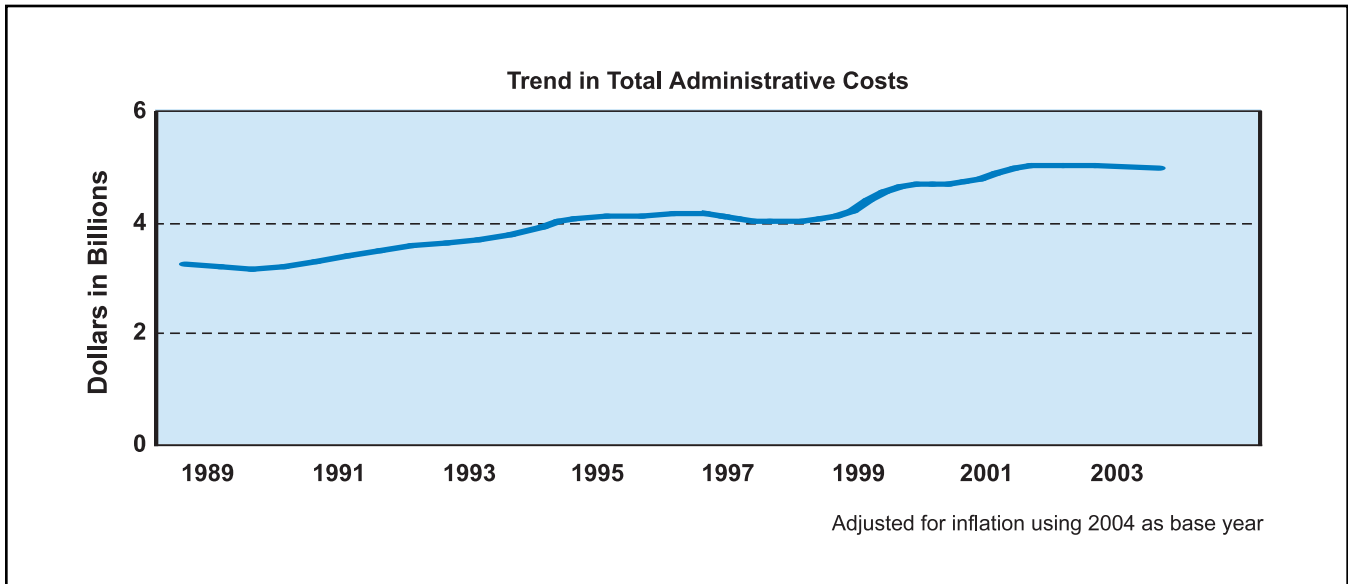
The Federal and State governments share FSP administrative costs. States are reimbursed for about half their costs. State costs vary, in part, as a function of different State operations and interactions with other assistance programs. Demographic, economic, and geographical

factors, as well as management efficiency, also affect administrative costs.

The average monthly administrative cost per case tends to be higher when caseloads are increasing and lower when they decline, because costs such as office leases and equipment are fixed and because workforce adjustments take time.

Source:

Unpublished tabulations from National Data Bank.
Alexandria, VA: U.S. Department of Agriculture, Food and Nutrition Service, July 2005.



State Food Stamp Policy Options

Food stamp policy options provide States with flexibility to simplify the eligibility process and their program operations, improve coordination with other programs such as TANF or Medicaid, and support participation among target groups such as working families. All States have implemented at least a few policy options.

Some policy options have been widely adopted by States.

The most common options include simplified reporting, use of TANF vehicle rules for eligibility determination, and expanded categorical eligibility. Despite challenges such as differing reporting requirements with other programs and some confusion about required client reporting, States report that simplified reporting reduced staff workload, improved client access, and reduced quality control errors.

Other policy options have been adopted less frequently.

These include rules governing disqualification for non-cooperation with child support enforcement agencies and rules to simplify the calculation of deductions by disregarding changes within a certification period. States report not choosing some options out of concern that they would complicate program rules, affect few households, or result in little benefit to participants. Data are limited on the effect of policy options on program administration, operations, costs,

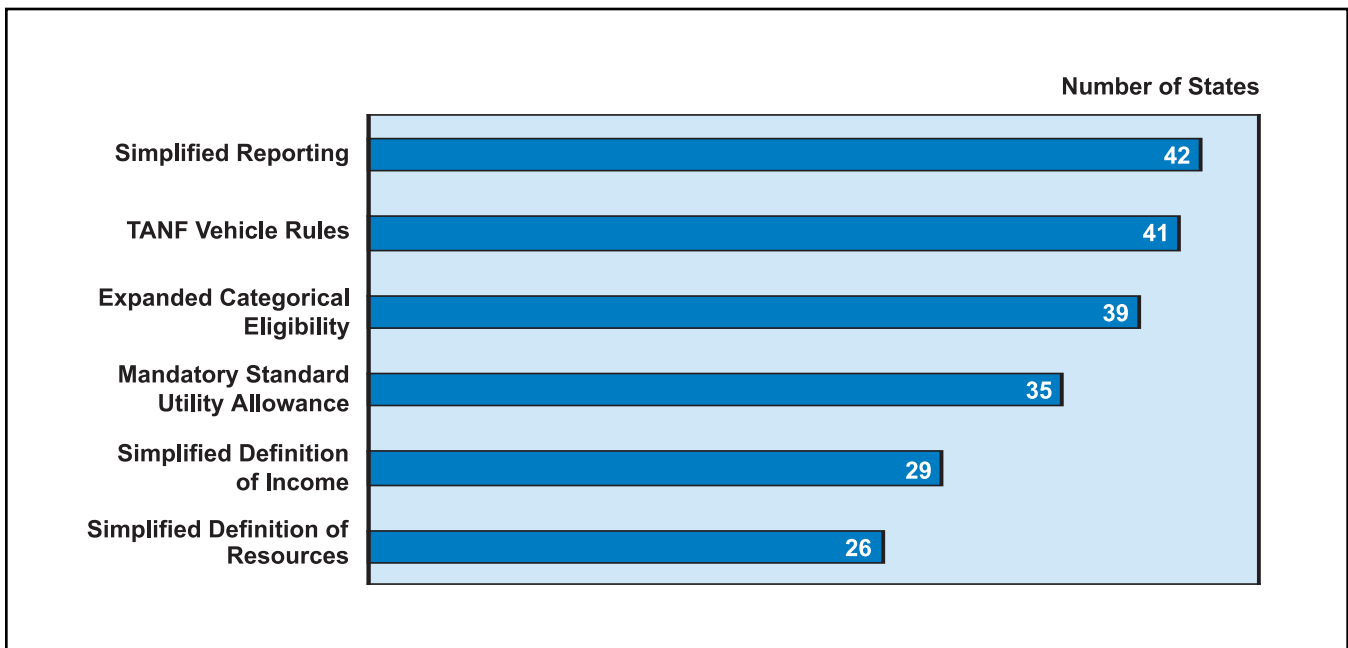
error rates, and participant satisfaction. Additional research is needed to better inform State decision makers on the merits of the various options.

Source:

Trippe, Carole, Liz Schott, Nancy Wemmerus, and Andrew Burwick. *Simplified Reporting and Transitional Benefits in the Food Stamp Program: Case Studies of State Implementation, Final Report*. Report submitted to the U.S. Department of Agriculture, Economic Research Service. Washington, DC: Mathematica Policy Research, May 2004.

Program Development Division. *Food Stamp Program State Options Report, Fourth Edition*. Alexandria, VA: U.S. Department of Agriculture, Food and Nutrition Service, September 2004.

U.S. Government Accountability Office. *Food Stamp Program: Farm Bill Options Ease Administrative Burden, but Opportunities Exist to Streamline Participant Reporting Rules among Programs* (GAO-04-916). Report to the Committee on Agriculture, Nutrition, and Forestry, U.S. Senate. Washington, DC: U.S. Government Accountability Office, September 2004.





Delivering Benefits Effectively

Electronic Benefit Transfer

Since June 2004, Electronic Benefit Transfer (EBT) has efficiently delivered food stamp benefits Statewide in every State. EBT replaced paper coupons with debit cards and personal identification numbers. All but Ohio and Wyoming use online technology that allows participants to use their benefits in other States. Some States use multiprogram EBT cards to issue benefits for additional programs such as TANF, Child Care, and WIC.

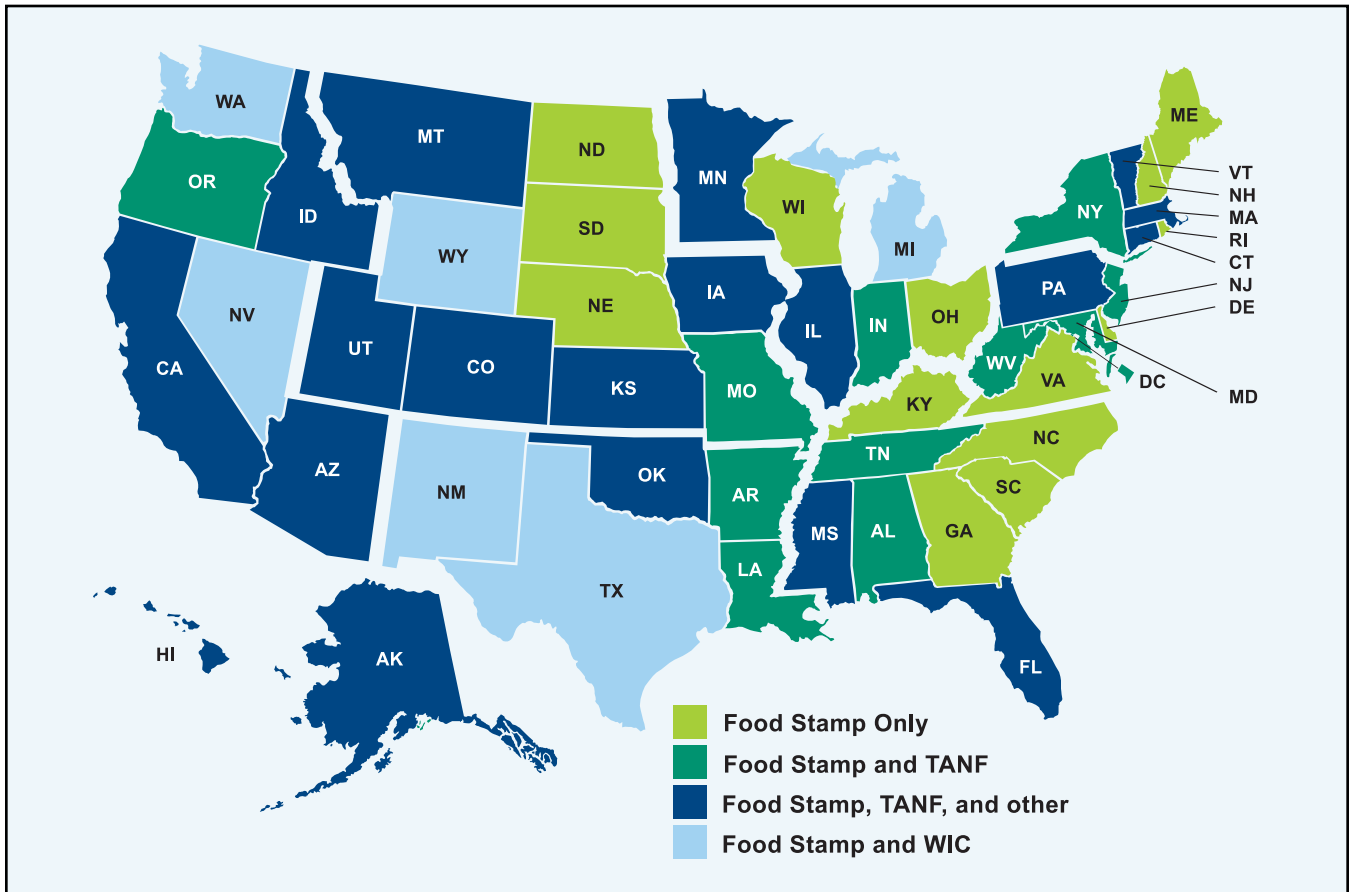
Recipients prefer EBT to coupon benefit delivery and redemption. One survey of client satisfaction indicated that about 95 percent of all participants are either “very” or “somewhat” satisfied with their EBT card. Seniors report a preference for EBT benefits despite their unfamiliarity with bank cards and problems recalling pin numbers. Lower processing costs appeal to retailers and banks.

Source:

Food and Nutrition Service. *Food Stamp Program, State by State EBT Map*. Available online at [www.fns.usda.gov/fsp/ebt/ebt_map.htm].

Food and Nutrition Service. *WIC EBT Status Report—August 2005*. Alexandria, VA: U.S Department of Agriculture, August 2005.

Kirlin, John, and Christopher Logan. *Effects of EBT Customer Service Waivers on Food Stamp Recipients*. Report submitted to the Economic Research Service (E-FAN-02-007). Cambridge, MA: Abt Associates, June 2002.



Authorized Food Stamp Stores

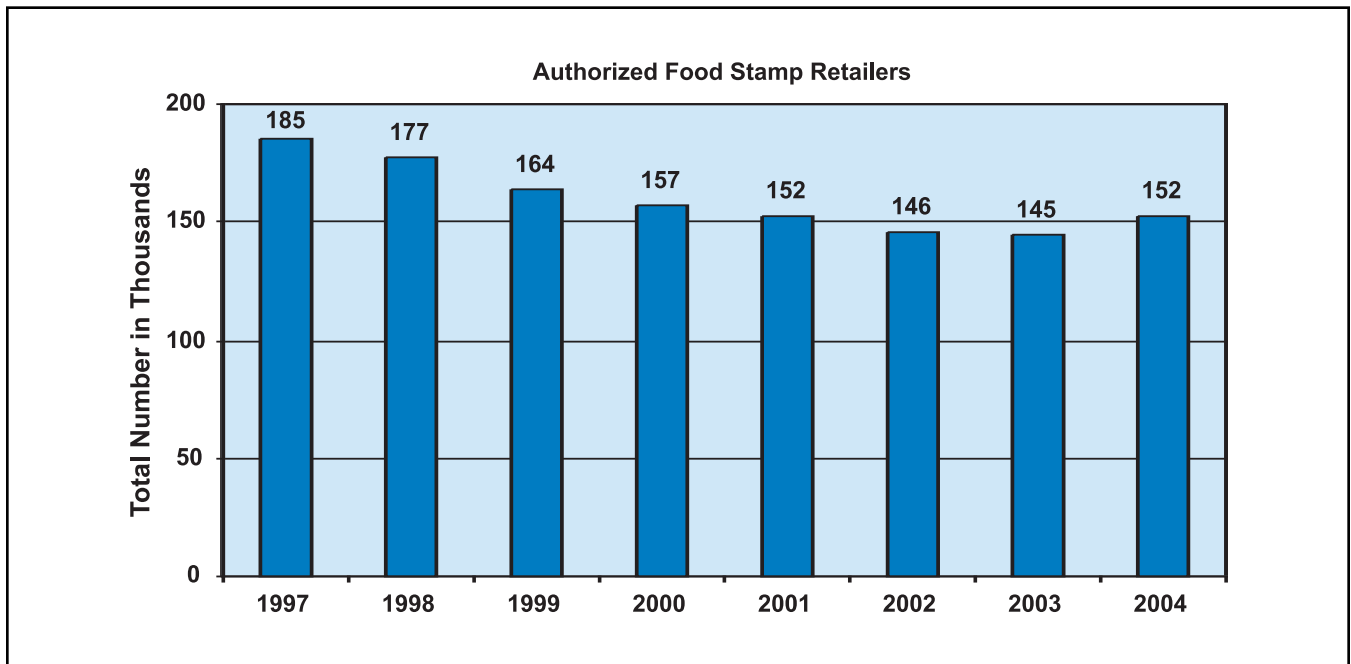
Nationwide, more than 152,000 stores were authorized to accept and redeem food stamp benefits in fiscal year 2004. To qualify as an authorized food stamp retailer, the store must (1) stock and sell an ample variety of items in all four categories of staple foods: breads and cereals; dairy products; fruits and vegetables; and meat, fish, and poultry (two of which must include perishable foods), or (2) obtain more than 50 percent of gross total sales from the sale of one or more staple food categories.

Virtually all authorized stores meet the program's criteria for eligibility. This indicates that the authorization process works well in screening out ineligible stores. An annual review of a representative sample of stores found that 99 percent were eligible in fiscal year 2004.

Most authorized stores are supermarkets, small or medium-sized groceries, or convenience stores. In fiscal year 2004, 23 percent of all authorized stores were supermarkets, 22 percent were grocery stores, and 20 percent were convenience stores. Most other authorized firms were specialty food stores or combination markets.

Source:

Food Stamp Benefit Redemption Division. *Food Stamp Benefit Redemption Division 2004 Annual Report*. Alexandria, VA: U.S. Department of Agriculture, Food and Nutrition Service, July 2005.



Access to Food Retailers

The type of store at which food stamp participants buy food is important, because store type often determines the cost and selection of foods available. Supermarkets supply, on average, a wider variety of high-quality food at lower cost.

Most food stamp benefits are redeemed in supermarkets.

About 86 percent of all food stamp benefits were redeemed in supermarkets in fiscal year 2004. Nearly 90 percent of food stamp recipients report that they rely mainly on supermarkets for their food purchases.

About one-third of low-income households usually shop for food within a mile of where they live.

Another third shop at stores that are between one and four miles away. Many recipients, however, do not shop at the store nearest to them. For those who do not usually shop in their own neighborhoods, the most common reasons are high prices (47 percent) and a lack of nearby stores (51 percent).

Distances to the nearest store are higher, and access to supermarkets is less, for rural households.

The reported average distance to the most-used store ranges from 2.5 miles in urban areas to 14.4 miles in rural areas. An earlier

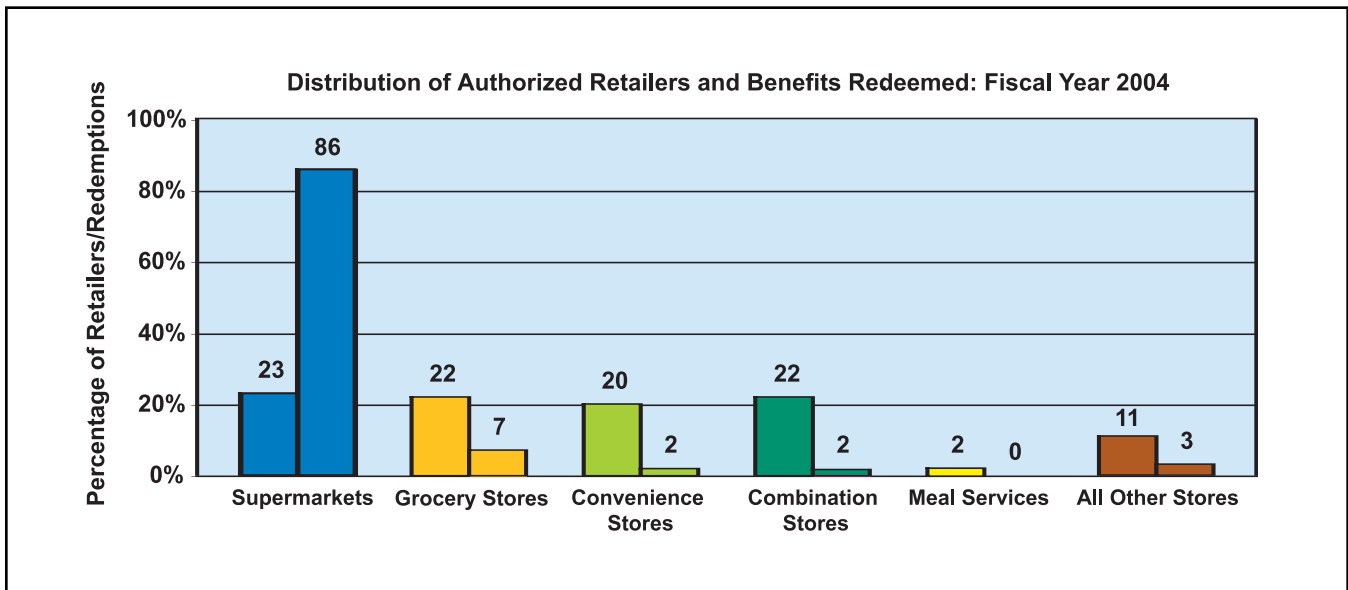
study found that the share of redemptions in supermarkets varied from 80 percent in suburban areas to 64 percent in central cities to 53 percent in rural areas.

Source:

Ohls, James C., Michael Ponza, Lorenzo Moreno, Amy Zambrowski, and Rhoda Cohen. *Food Stamp Participants' Access to Food Retailers: Final Report*. Report submitted to the U.S. Department of Agriculture, Food and Nutrition Service. Washington, DC: Mathematica Policy Research, July 1999.

Mantovani, Richard E., Lynn Daft, Theodore Macaluso, James Welsh, and Katherine Hoffman. *Authorized Food Retailer Characteristics Study: Technical Report IV (Authorized Food Retailers' Characteristics and Access Study)*. Report submitted to the U.S. Department of Agriculture, Food and Nutrition Service. Washington, DC: ORC/MACRO, February 1997.

Kaufman, Phil, James MacDonald, Steven Lutz, and David Smallwood. *Do the Poor Pay More for Food?* Washington, DC: U.S. Department of Agriculture, Economic Research Service (AER No. 759), November 1997.



Left column displays the percentage of authorized retailers in each store type; right column displays the percentage of redemptions.

Disaster Food Stamp Assistance

The Disaster Food Stamp Program operates under special eligibility and issuance rules. States must submit a formal request for the operation of the Disaster FSP in areas affected by a disaster. In general:

- Benefits are provided to existing food stamp households who qualify for replacement benefits and to newly eligible households due to the disaster. State certification workers determine eligibility.
- The monthly income eligibility limit is the poverty level plus the standard deduction and excess-shelter cap—\$1,828 for a family of three in 2005.
- Income plus liquid assets less disaster-related expenses during the disaster month must be less than the eligibility limit. Once eligible, households receive the maximum benefit for their size through the end of the disaster period.

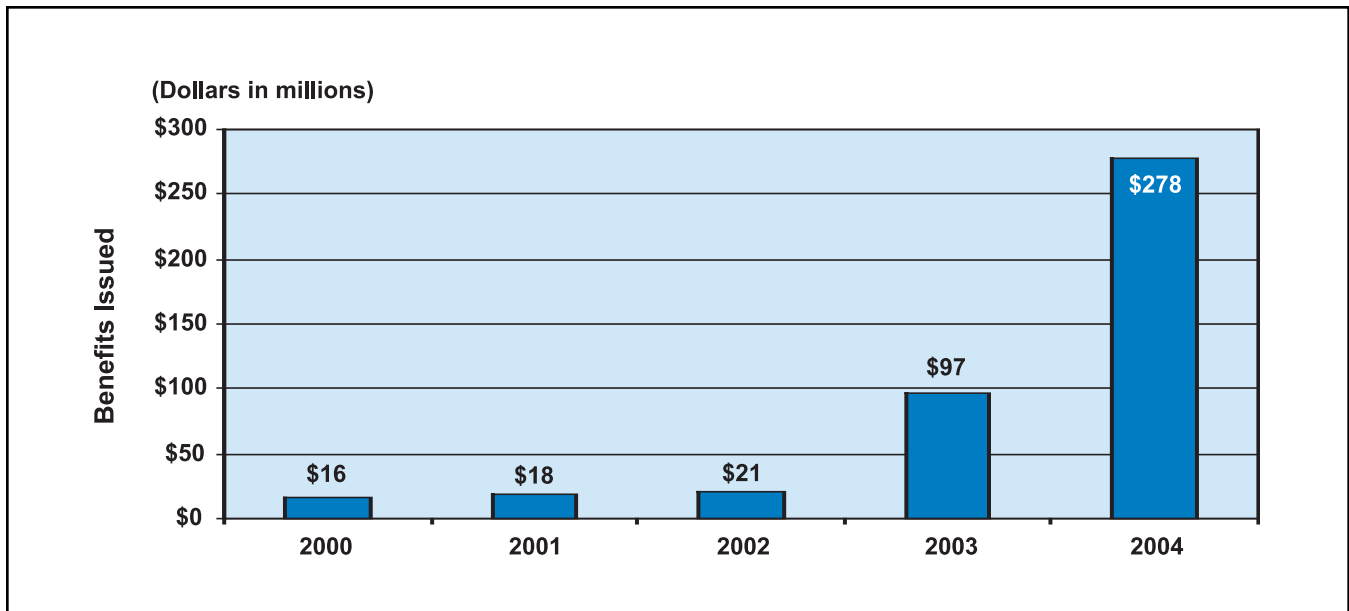
- After the disaster period, new households must meet normal program rules to continue receiving food stamp benefits.

FNS provides other emergency food assistance to disaster victims by providing food commodities to shelters, congregate feeding sites, and pertinent local relief organizations such as the Red Cross and Salvation Army; and by distributing food directly to households.

In fiscal year 2004, FNS provided more than \$278 million in disaster food stamp assistance to more than 500,000 households. The value of assistance provided in the wake of Hurricane Katrina is expected to exceed this amount.

Source:

Food and Nutrition Service. *Fiscal Year 2006 Explanatory Notes*. Alexandria, VA: U.S. Department of Agriculture, 2005.



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