

THE BENEFITS OF INCREASING FOOD STAMP PROGRAM PARTICIPATION IN YOUR STATE

Introduction

The Food Stamp Program (FSP) is an investment in our future. It offers nutrition benefits to participating clients, supports work, and provides economic benefits to communities. However, too many low-income people who are eligible for the program do not participate and thus forgo nutrition assistance that could stretch their food dollars at the grocery store. Their communities lose out on the benefits provided by new food stamp dollars flowing into local economies.

"Food stamps are the first line of defense against hunger in our community. Making sure low-income people receive food stamps accomplishes many things. First and most importantly people get fed. Second, community and faith-based organizations such as ours are relieved of having to provide a higher level of food assistance. Third, the local grocers do business with customers that they may not have otherwise and fourth, we are all healthier and happier."

Bill Bolling
Executive Director
Atlanta Community Food Bank
Atlanta, Georgia

In fiscal year 2005, only 65 percent¹ of those eligible for food stamp benefits participated. The most common reason eligible people do not participate is because they do not realize they may be eligible. Others choose not to apply because of myths or misunderstandings about food stamp benefits or because of stigma that continues to persist. Others make a cost-benefit decision that the time involved in applying for benefits is not worth the expected return. Some do not want to accept government assistance. For specific populations, there may be additional compounding factors, such as language barriers for legal immigrants, or time and transportation

barriers for the working poor. Seniors may not understand the nature of the program and choose not to apply for benefits, thinking children or families need the help more.

Outreach and education are powerful tools in overcoming barriers to food stamp participation. Even a small increase in food stamp participation can have a substantial impact. If the national participation rate rose five percentage points, 1.9 million more low-income people would have an additional \$971 million in benefits per year to use to purchase healthy food and \$1.8 billion total in new economic activity would be generated Nationwide.

Why does increasing participation in the FSP make sense for your community?

The FSP generates economic activity.

The FSP brings Federal dollars into communities in the form of benefits which are redeemed by food stamp participants at local stores. These benefits ripple throughout the economies of the community, State, and Nation. For example:

- Every \$5 in new food stamp benefits generates \$9.20 in total community spending.²
- Every additional dollar's worth of food stamp benefits generates 17 to 47 cents of new spending on food.³
- On average, \$1 billion of retail food demand by food stamp recipients generates 3,300 farm jobs.⁴

In fiscal year 2006, the average monthly food stamp benefit per household was approximately \$214.⁵ These benefits, funded by Federal dollars, create business when they are redeemed at your local food retailers. Eighty-six percent of benefits, totaling \$26 billion, were redeemed at the Nation's 35,000 supermarkets. The remaining benefits, totaling \$4 billion, contribute to the viability of 127,000 other firms which include grocery stores, convenience stores, combination stores, farmers markets and other retail food stores, plus wholesalers and meal services.⁶

"A successful redemption program probably means that we are successfully servicing the needs of our community. By being able to meet our customers' needs during a particular time in their lives, we are often able to establish a relationship that outlives the time a person is eligible for food stamps. In that case we benefit from that customer both now and in the future. Food stamp redemption is a way to get your best customer in the front door and to establish a long-term relationship with that customer."

George Matics
Purchasing Director
Cardenas Markets, Inc.
Ontario, California

Food stamp benefits are positively and significantly related to household food expenditures.⁷ Although estimates of the impact vary, studies have shown that a \$1 increase in the value of food stamp benefits of a typical recipient household leads to additional food expenditures of between 17 and 47 cents.⁸ Food stamp recipients spend more dollars on food at local retailers in communities than eligible non-participants.

Food stamp benefits can be used at authorized farmers markets that sell local produce. This provides additional customers for local farmers and provides food stamp recipients access to healthy locally grown fruits and vegetables that might otherwise be unavailable to them.

The FSP supports work and helps low-income people make the transition to self-sufficiency.

"By providing this information to our staff, we feel that we are helping our employees learn about benefits they deserve. We hope these benefits will be meaningful for them and their families."

Alicia M. Cuervo
Human Resources Manager
Mercy Hospital
Miami, Florida

Thirty percent of participating food stamp households have earnings.⁹ Employees whose nutrition needs are met at home may be healthier and thus may take fewer sick days for themselves or their children. Employees may stay longer with companies that care about them by sharing information about food stamp benefits and its importance as a work support.

The FSP helps families become financially stable and make the transition to self-sufficiency, getting them through the tough times. Half of all new participants will leave the program within nine months.¹⁰

Food stamp benefits are a work support. Food stamp benefits help those leaving the Temporary Assistance for Needy Families program and transitioning to work by supplementing their food budgets so that they can stay independent and work toward self-sufficiency.¹¹ Since food stamp benefits decrease only by 24 to 36 cents for every additional dollar of earnings, food stamp recipients have incentives to work since they will be better off working rather than receiving food stamp benefits alone.¹²

The FSP helps low-income families make healthy food choices and put more nutritious food on the table.

Dietary patterns among the general public, as well as those among low-income people, indicate an excessive consumption of calories, unhealthy fats and sugars, while fruit, vegetable and whole grain intakes are modest.¹³ These poor eating habits contribute to making overweight and obesity a national health problem. In addition to the toll on personal health, this "epidemic" of obesity has economic implications as well. Obesity-attributable medical expenditures in the United States reached \$75 billion in 2003. Taxpayers financed about half of these costs through Medicare and Medicaid.¹⁴

However, research shows that low-income households participating in the FSP have access to more food energy, protein, and a broad array of essential vitamins and minerals in their home

"The additional support which food stamps provide to needy individuals is readily seen in our stores that serve customers in low-income areas. This benefit not only helps those who require some additional assistance in making ends meet, but is also an aid to the supermarkets making a commitment to serving economically challenged communities. Our partnership with nonprofit organizations in outreaching to potential participants speaks to Pathmark's commitment to this important program."

Rich Savner
Director of Public Affairs and Government
Relations Pathmark Stores, Inc.
Carteret, New Jersey

food supply compared to eligible non participants.¹⁵ Nationwide, if there were a 5 percentage point increase in the food stamp participation rate, an additional 1.9 million low-income people would reap the nutrition benefits of the FSP. The FSP also helps participants manage their food resources more wisely through food stamp nutrition education. States may exercise the option to provide targeted nutrition education activities or social marketing campaigns designed to help persons eligible for the FSP make healthier food choices and pursue active lifestyles.

Because food stamp benefits are available to most low-income households with few resources, regardless of age, disability status, or family structure, food stamp households are a diverse group. Nine percent of food stamp recipients are aged 60 or older.¹⁶ For the elderly, a particularly vulnerable and underserved population, participation in the FSP and other food assistance programs can help improve nutritional status and well-being and increase independence. Nearly half of food stamp participants are children.¹⁷ Children who are well nourished may have better attendance at school and, once there, may be more focused on learning.

Combined Efforts Are Needed

The FSP is the cornerstone of the Nation's nutrition safety net providing assistance to those who qualify. It helps relieve pressure on emergency food providers, enabling them to provide more assistance to those who do not qualify for food stamp benefits. Because of the nutrition benefits to participants and the economic benefits to the Nation and to States and communities, the Food and Nutrition Service (FNS) has made improving

"To reach common ground, we need to go to higher ground. Together with our business and government leaders, we can build community and economic prosperity for all."

Daniella Levine
Executive Director
Human Service Coalition
Miami, Florida

access to the FSP a priority. Increasing participation in the FSP requires the combined efforts of national, State, and local public leaders as well as non-profit community agencies, employers, and anyone else who touches the lives of potentially eligible people.

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¹ U.S. Department of Agriculture, Food and Nutrition Service, Office of Analysis, Nutrition, and Evaluation. *Trends in Food Stamp Program Participation Rates: 1999 to 2005*. By Kari Wolkwitz. Alexandria, VA: 2007. Available at <http://www.fns.usda.gov/oane/MENU/Published/FSP/FSPPartNational.htm>.

² Hanson, Kenneth, and Elise Golan (2002). *Effects of Changes in Food Stamp Expenditures Across the U.S. Economy*. Washington, DC: U.S. Department of Agriculture, Economic Research Service. Available at <http://www.ers.usda.gov/publications/fanrr26/fanrr26-6/fanrr26-6.pdf>. Note: Economic effect of increasing food stamps measured for the whole U.S. economy. It may vary by location.

³ *Food and Nutrition Assistance Programs and the General Economy: Links to the General Economy and Agriculture* (2002). Washington, DC: U.S. Department of Agriculture, Economic Research Service. Available at <http://www.ers.usda.gov/Briefing/GeneralEconomy/linkages.htm>. Note: Recipients spend all food stamps on food. Food stamps allow them to shift some of their previous cash expenditures on food to alternative uses.

⁴ Ibid.

⁵ United States Department of Agriculture, Food and Nutrition Service (2005). [http://www.fns.usda.gov/pd/fsavghh\\$.htm](http://www.fns.usda.gov/pd/fsavghh$.htm).

⁶ Food and Nutrition Service, Benefit Redemption Division, Annual Report FY2006, June 19, 2007.

⁷ Fraker, Thomas M., Sharon K. Long, and Charles E. Post (1990). *Analyses of the 1985 Continuing Survey of Food Intakes by Individuals--Volume I, Estimating Usual Dietary Intake, Assessing Dietary Adequacy, and Estimating Program Effects: Applications of Three Advanced Methodologies Using FNS's Four-Day Analysis File*. Alexandria, VA: U.S. Department of Agriculture, Food and Nutrition Service. Available at <http://www.nal.usda.gov/foodstamp/FOODSTAMPREPORTS/FSP-11.PDF>.

Also: Levedahl, JW. *The Effect of Food Stamps on Household Food Expenditures. Technical Bulletin No. 1794*. Washington, DC: U.S. Department of Agriculture: Economic Research Service.

⁸ Fox, Mary Kay, William Hamilton, (editors) and Biing-Hwan Lin (2004). *Effects of Food Assistance and Nutrition Programs on Nutrition and Health, Volume 3, Literature Review*. Washington, DC: U.S. Department of Agriculture: Economic Research Service, USDA, 2004. Available at <http://www.ers.usda.gov/publications/fanrr19%2D3/>.

⁹ U.S. Department of Agriculture, Food and Nutrition Service, Office of Analysis, Nutrition and Evaluation. *Characteristics of Food Stamp Households: Fiscal Year 2006*, FSP-06-CHAR, by Kari Wolkwitz. Alexandria, VA: 2007. Available at <http://www.fns.usda.gov/oane/MENU/Published/FSP/FILES/Participation/2006Characteristics.pdf>.

¹⁰ Gleason, Phillip, Peter Schochet, and Robert Moffitt (1998). *The Dynamics of Food Stamp Program Participation in the Early 1990s*. Alexandria, VA: U. S. Department of Agriculture, Food and Nutrition Service. Available at <http://www.fns.usda.gov/oane/MENU/Published/FSP/FILES/Participation/DYNAMICS.PDF>.

¹¹ Rosenbaum, Dorothy and David Super (2005). *The Food Stamp Program: Working Smarter for Working Families*. Washington, DC: Center on Budget and Policy Priorities. Available at <http://www.cbpp.org/3-15-05fa.htm>.

¹² Ibid.

¹³ Gleason P, Rangarajan A, Olson C. *Dietary Intake and Dietary Attitudes Among Food Stamp Participants and Other Low-Income Individuals*. Report prepared for the Food and Nutrition Service, USDA, September 2000. Available at: <http://www.fns.usda.gov/oane/MENU/Published/NutritionEducation/Files/FSPDiet.pdf>

¹⁴ *Obesity Costs States Billions in Medical Expenses*. Press Release. U.S. Department of Health and Human Services, January 21, 2004. http://www.cdc.gov/nccdphp/dnpa/press/archive/state_obesity_1_2004.htm.

¹⁵ Devaney, Barbara, Pamela Haines, and Robert Moffitt (1989). *Assessing the Dietary Effects of the Food Stamp Program -Volumes I and II*. Alexandria, VA: U.S. Department of Agriculture, Food and Nutrition Service. Available at <http://www.nal.usda.gov/foodstamp/FOODSTAMPREPORTS/FSP-9A.PDF> and <http://www.nal.usda.gov/foodstamp/FOODSTAMPREPORTS/FSP-9B.PDF>.

Also: Allen, Joyce E., and Kenneth E. Gadson (1983). *Nutrient Consumption Patterns of Low-Income Households. Technical Bulletin No. 1685*. Washington, DC: U. S. Department of Agriculture, Economic Research Service.

Also: Fox, Mary Kay, William Hamilton, (editors) and Biing-Hwan Lin (2004). *Effects of Food Assistance and Nutrition Programs on Nutrition and Health, Volume 3, Literature Review*. Washington, DC: U. S. Department of Agriculture, Economic Research Service. Available at <http://www.ers.usda.gov/publications/fanrr19%2D3/>.

¹⁶ U.S. Department of Agriculture, Food and Nutrition Service, Office of Analysis, Nutrition and Evaluation. *Characteristics of Food Stamp Households: Fiscal Year 2006*, FSP-06-CHAR, by Kari Wolkwitz. Alexandria, VA: 2007. Available at <http://www.fns.usda.gov/oane/MENU/Published/FSP/FILES/Participation/2006Characteristics.pdf>.

¹⁷ Ibid.