



Spending on Food-Assistance Programs Decreased in 1997

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USDA administers the Nation's major domestic food-assistance programs whose goals are to provide needy people with access to a more nutritious diet, to improve the eating habits of the Nation's children, and to help America's farmers by providing an outlet to distribute foods purchased under commodity price-support and surplus-removal programs. Food-assistance programs differ by the population groups they serve and the types of benefits provided (see box on domestic food-assistance programs).

USDA expenditures on food-assistance programs totaled \$35.8 billion in fiscal 1997, a decrease of almost 6 percent from the previous year (expenditures for the programs cited in this article refer to the cost to the Federal Government during fiscal years, which run October to September). This decline in annual food-assistance program expenditures, the first since fiscal 1982, was in marked contrast to the double-digit growth experienced during the early 1990's when deteriorating economic conditions, particularly increased unemployment, increased

the demand for food assistance (fig. 1). The Food Stamp Program accounted for much of the decrease in total food-assistance expenditures in fiscal 1997; expenditures for most of the other food-assistance programs increased.

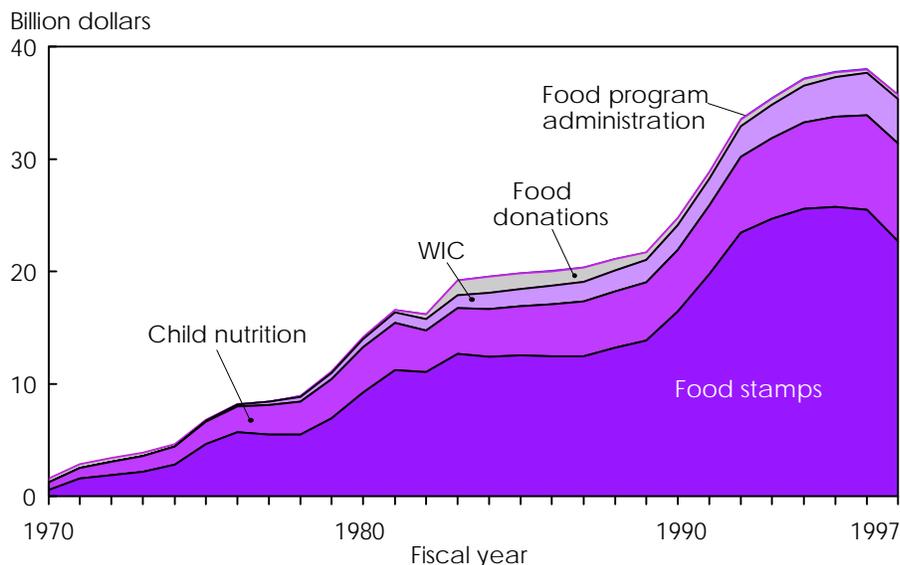
Food Stamp Program Costs Decline Significantly

The Food Stamp Program is the Nation's principal nutrition-assistance program, accounting for 60 percent of all USDA food-assistance expenditures. Expenditures on the

program totaled \$21.5 billion in fiscal 1997, a decrease of almost 12 percent from fiscal 1996 (table 1). This decrease was largely the result of a decline in program participation. An average of 22.9 million people per month received food stamps in fiscal 1997—almost 2.7 million people, or 10 percent, fewer than in the previous year.

This decline in participation is attributed, in part, to the continuation of improving economic conditions. Since reaching its historic peak in fiscal 1994, food stamp participation has declined in each of the last 3 years (fig. 2). Changes in the Food Stamp Program brought about

Figure 1
Expenditures for Food Assistance Decreased in Fiscal 1997



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by the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 also contributed to the decline in participation. Legal immigrants (except for persons admitted as a refugee or asylee within the last 5 years, and veterans with an honorable discharge and their families) who were not enrolled in the Food Stamp Program as of August 22, 1996, are barred from the program until they become citizens or have worked in the United States for at least 10 years. As of August 22, 1997, all immigrants previously enrolled but who are now made ineligible by the Act were barred from the Food Stamp Program. As of March 1, 1997, States could termi-

Figure 2
Food Stamp Participation Dropped Sharply in Fiscal 1997

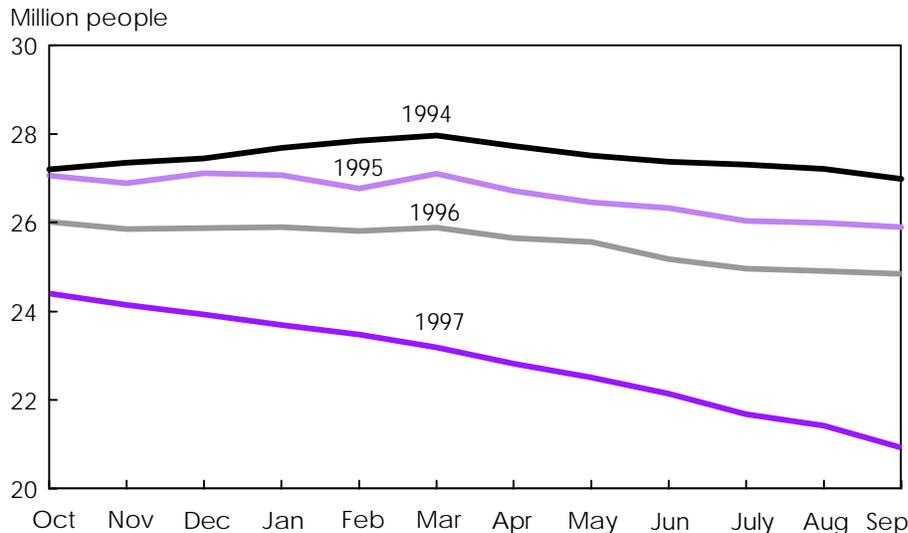


Table 1
The Food Stamp Program Accounted for the Bulk of the Decline in Expenditures in Fiscal 1997

Food-assistance program	1997 program costs <i>Million dollars</i>	1996 program costs <i>Million dollars</i>	Change in costs, 1996-97 <i>Percent</i>
Food-stamp-related programs ¹	22,672.6	25,484.2	-11.0
Food Stamp Program	21,488.2	24,330.8	-11.7
Nutrition Assistance Programs	1,184.4	1,153.4	2.7
Child nutrition programs ²	8,707.4	8,392.1	3.8
National School Lunch	5,553.8	5,354.8	3.7
School Breakfast	1,214.3	1,118.8	8.5
Child and Adult Care ¹	1,573.0	1,534.1	2.5
Summer Food Service ¹	242.7	249.7	-2.8
Special Milk	17.4	16.8	3.6
Supplemental food programs	3,943.3	3,795.6	3.9
WIC ¹	3,844.6	3,695.3	4.0
CSFP ¹	98.7	100.2	-1.5
Food donation programs	415.7	306.7	35.5
Food Distribution on Indian Reservations ¹	71.2	70.2	1.4
Nutrition Program for the Elderly	145.2	145.0	.1
Disaster Feeding	1.1	.7	57.1
TEFAP ³	191.9	44.5	NA
Charitable Institutions and Summer Camps	6.3	11.0	-42.7
Soup Kitchens and Food Banks ³	NA	35.3	NA
All programs ⁴	35,845.9	38,084.1	-5.9

Notes: NA = Not applicable. ¹Includes administrative costs. ²Total includes the Federal share of State Administrative costs, which were \$106.3 million in fiscal 1997 and \$118.0 million in fiscal 1996. ³In fiscal 1997, The Emergency Food Assistance Program (TEFAP) and the Food Donation Programs to Soup Kitchens and Food Banks were combined into a single program. They are reported under TEFAP. ⁴Total includes Federal administrative expenses of \$106.9 million in fiscal 1997 and \$105.5 million in fiscal 1996. Source: USDA's Food and Nutrition Service, Keydata September 1997 (revised). Data subject to change with later reporting.

nate food stamp benefits for jobless able-bodied adults with no dependents who had used up their 3 months of eligibility in a 3-year

period. (Several subsequent pieces of legislation modified the impact of the Welfare Reform Act on able-bodied adults without dependents and

legal immigrants—see “Welfare Reform Affects USDA’s Food-Assistance Programs,” elsewhere in this issue for more information.)

Domestic Food-Assistance Programs

USDA’s food-assistance programs are administered by the Food and Nutrition Service (FNS), which works in partnership with the States. States, using national guidelines, are responsible for determining whether people are eligible to participate in the programs and for the delivery of services. FNS shares administrative costs with the States. The programs are:

- As the cornerstone of USDA’s food-assistance programs, the **Food Stamp Program** enables participating households to obtain a better diet by increasing their food purchasing power. Unlike the other food-assistance programs that target specific groups, the Food Stamp Program is available to most households (subject to certain work and citizenship requirements) that meet income and asset criteria. Eligibility and benefits are based on household size, household assets, and gross and net income (gross monthly income cannot exceed 130 percent of the poverty guidelines). Most participants receive monthly allotments of coupons that are redeemable for food at nearly 200,000 authorized retail food stores. However, a growing number of participants receive an Electronic Benefits Transfer (EBT) card, which operates like a bank card. The amount of a household’s monthly food stamp allotment is based on USDA’s Thrifty Food Plan, a market basket of suggested amounts of foods that make up a nutritious diet and can be purchased at a relatively low cost.
- The Food Stamp Program in Puerto Rico was replaced in 1982 by the **Nutrition Assistance Program**. In the same year, the Nutrition Assistance Program for the Northern Marianas was

started. The program for American Samoa was started in 1994. These modified food stamp programs receive Federal funds through block grants, which allow these areas to operate programs designed specifically for their low-income residents.

- The **National School Lunch Program** provides lunch to children in public and nonprofit private schools and residential childcare institutions. Schools receive cash and some commodities from USDA to offset the cost of foodservice. In return, the schools must serve lunches that meet Federal nutritional requirements and offer free or reduced-price lunches to needy children. Any child at a participating school may enroll in the program. Children from families with incomes at or below 130 percent of the poverty level are eligible for free meals, and those from families between 130 and 185 percent of the poverty level (between \$20,865 and \$29,693 for a family of four in 1997) are eligible for reduced-price meals. Children from families with incomes over 185 percent of poverty pay a full price, though their meals are still subsidized to some extent.
- The **School Breakfast Program** provides breakfast to school children, with students from low-income families receiving free or reduced-price meals. USDA provides schools with cash assistance to offset the cost of foodservice. Eligibility is the same as that for the National School Lunch Program. As an incentive for schools in low-income areas to participate in the program, a school may qualify for higher “severe needs” reimbursement rates if a specified percentage of its meals are served free or at a reduced price and the school can show that its food production costs exceed the standard breakfast reimbursement rates.
- The **Child and Adult Care Food Program** provides healthy meals and snacks to children in non-profit childcare centers and family and group daycare homes. In centers, children from low-income families are eligible for free or reduced-price meals based on the same eligibility guidelines used in the School Lunch and School Breakfast Programs. There are two sets of reimbursement rates for family daycare homes. Family daycare homes located in low-income areas, or whose own households are low-income, are reimbursed at one rate (tier 1), while other daycare home providers are reimbursed at a lower rate (tier II). In tier II homes, meals served to children who are identified as coming from households with income below 185 percent of poverty are eligible to be reimbursed at the higher tier I rate.
- The **Summer Food Service Program** provides free meals to children (age 18 and under) and handicapped people over 18 years of age during school vacations in areas where at least half of the children are from households with incomes at or below 185 percent of the Federal poverty guidelines. There is no income test for eligibility in these low-income areas; any child in the program’s operating area may participate. Sites not in low-income areas may participate if at least half of the children are from families with incomes at or below 185 percent of the Federal poverty guidelines (based on

Also contributing to the decline in total expenditures for the Food Stamp Program in fiscal 1997 was a drop in the average food stamp ben-

efit per recipient from \$73.22 per month in fiscal 1996 to \$71.34 per month in fiscal 1997.

In lieu of the Food Stamp Program, Puerto Rico, the Commonwealth of the Northern Marianas Islands, and American

income applications collected from program participants). All children at these sites may receive free meals. The program is operated at the local level by sponsors who are reimbursed by USDA.

- The **Special Milk Program** provides funding for milk in public and nonprofit schools, childcare centers, summer camps, and similar institutions that have no other federally assisted food program. Milk is provided either free or at low cost to all children at participating sites. Sites may elect to serve free milk to children from families with incomes at or below 130 percent of the poverty level.
- The **Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)** provides nutritious supplemental foods, nutrition education, and healthcare referrals at no cost to low-income pregnant and postpartum women, as well as infants and children up to their fifth birthday who are determined by health professionals to be nutritionally at risk. To be eligible in most States, income must fall below 185 percent of the poverty guidelines. States can, however, set lower income limits. Food vouchers can be redeemed at retail foodstores for specific foods that are rich in the nutrients typically lacking in the target population.
- The **Commodity Supplemental Food Program (CSFP)** provides nutritious supplemental foods at no cost to infants and children up to their sixth birthday and pregnant and postpartum women, at or below 185 percent of poverty who are not served by WIC. The program also serves persons 60 years of age or over with incomes not greater than 130 percent of the

poverty guidelines. The program provides food packages (instead of vouchers) tailored to the nutritional needs of the participants.

- The **Food Distribution Program on Indian Reservations** provides commodities to American Indians living on or near participating reservations who choose not to participate in the Food Stamp Program. It provides an alternative to the Food Stamp Program for many American Indians who live far from foodstores. Participants receive a monthly food package weighing about 50 to 75 pounds containing a variety of foods selected to meet their health needs and preferences. Eligibility is based on household income, resources, and proximity to a reservation.
- The **Nutrition Program for the Elderly** provides cash and commodities to States for meals for senior citizens. Administered by the U.S. Department of Health and Human Services, the program receives commodity foods and financial support from USDA. Food is served through meals-on-wheels programs or in senior citizen centers and similar settings. There is no income test for eligibility; all people age 60 or older and their spouses are eligible for the program.
- The **Disaster Feeding Program** is administered by the Federal Emergency Management Agency (FEMA), which is responsible for coordinating disaster relief. Under this program, USDA provides food commodities for assistance in major disasters or emergencies when other food supplies are not readily available.
- The **Emergency Food Assistance Program (TEFAP)**, which began as

a cheese-giveaway program in 1982, was implemented as a way to reduce inventories and storage costs of surplus commodities through distribution to needy households. In 1989, Congress appropriated funds to purchase additional commodities specifically for this program. USDA buys the food, processes and packages it, and ships it to the States. States are allocated commodities and administrative funds based on a formula which considers the number of people below the poverty level in each State (60 percent) and the number unemployed (40 percent). Within broad guidelines, each State sets its own eligibility criteria and selects local emergency feeding organizations (including soup kitchens, food recovery organizations, and food banks) to distribute the food.

- Under the **Food Distribution Programs for Charitable Institutions and Summer Camps**, USDA donates food to nonprofit charitable institutions serving meals on a regular basis to needy persons and to summer camps for children. These institutions include orphanages, soup kitchens, temporary shelters, homes for the elderly, and church-operated community kitchens for the homeless. (Summer camps participating in the Summer Food Service Program are not eligible to receive commodities through this program.)
- Under the **Food Donation Programs to Soup Kitchens and Food Banks**, USDA purchased food specifically to distribute to soup kitchens and food banks. Effective in fiscal 1997, this program was absorbed into the TEFAP program.

Samoa receive grant funds which allow them to operate food-assistance programs designed specifically for their low-income residents. The Nutrition Assistance Program operates in Puerto Rico. Unlike the regular Food Stamp Program which automatically expands to meet increased demand when the economy is in recession and contracts when the economy expands, funding for the *Nutrition Assistance Program* is limited to an annual amount specified by law. USDA's funding for the Puerto Rico program totaled \$1.2 billion in fiscal 1997, a 3-percent increase from the previous year. Funding for program in American Samoa totaled \$5.3 million in fiscal 1997, the same as in fiscal 1996. Funding for the program in Commonwealth of the Northern Marianas Islands totaled \$5.1 million in fiscal 1997, the same as in fiscal 1996.

Outlays for Child Nutrition Programs Grow Slightly

The Child Nutrition Programs—the National School Lunch, School Breakfast, Child and Adult Care, Summer Food Service, and Special Milk Programs—are designed to subsidize meals served to children in schools and a variety of other institutions. USDA provides cash reimbursements for all meals served under these programs, with children from low-income families eligible for larger subsidies. USDA also provides foods to these programs. Combined expenditures for these programs increased by almost 4 percent to \$8.7 billion in fiscal 1997.

The National School Lunch Program, with 15 percent of all USDA food-assistance expenditures, is the second-largest food-assistance program behind the Food Stamp Program.

Federal outlays for the program totaled \$5.6 billion in fiscal 1997, up about 4 percent from the previous year.

Over 26 million children in almost 95,000 schools and residential childcare institutions participated in the National School Lunch Program each school day in fiscal 1997. The program is available in about 99 percent of all public schools and in many private schools. About 58 percent of children (in the schools and institutions offering school lunch) participated in the program. A total of 4.4 billion lunches were served under the program in fiscal 1997, of which almost 50 percent were free and another 8 percent were offered at reduced prices.

Almost 1.2 billion breakfasts were served to children under the *School Breakfast Program* in fiscal 1997, almost 6 percent more than in the previous year. Eighty percent of all meals served in the program in fiscal 1997 were free and another 6 percent were at reduced prices. Expenditures for the School Breakfast Program totaled \$1.2 billion in fiscal 1997, or about 9 percent more than the previous year—a continuation of the program's rapid expansion in recent years. The Welfare Reform Act of 1996 eliminated funds for startup and expansion of the School Breakfast Program effective October 1, 1996.

The Child and Adult Care Food Program operates in childcare centers, family daycare homes, and adult daycare centers. A total of 1.6 billion meals were served under the program in fiscal 1997, 98 percent of which were in daycare homes or childcare centers and only 2 percent were in adult daycare centers. Expenditures for the program totaled almost \$1.6 billion in fiscal 1997, an increase of about 3 percent over fiscal 1996. Almost 81 percent of all meals in the Child and Adult Care Food Program were served

free and another 4 percent were reduced price in fiscal 1997.

In child and adult daycare centers, the eligibility standards for free and reduced-price meals are the same as those for the school lunch and breakfast programs. In family daycare homes, all meals served in daycare homes operated by low-income providers or located in low-income areas are reimbursed at "tier I" rates. In all other family daycare homes, meals are reimbursed at lower "tier II" rates, unless a child has been determined to meet the eligibility standard for free and reduced-price meals, in which case the meals served to that child are reimbursed at the tier I rates.

Over 133 million meals and snacks were served to children during school vacations under the *Summer Food Service Program* in fiscal 1997, or 6 percent more than the previous year. During the peak month of July, an average of 2.3 million children in 28,000 sites participated each day. All meals under the program are served free. Program costs totaled \$243 million in fiscal 1997, about 3 percent less than in the previous year. The Welfare Reform Act of 1996 eliminated funds for startup and expansion of this program effective October 1, 1996, and reduced meal reimbursement rates effective January 1, 1997.

USDA expenditures for the *Special Milk Program* totaled \$17.4 million in fiscal 1997. This was an increase of almost 4 percent over the previous year, the first increase in 6 years. In fiscal 1997, 140.7 million half-pints of milk were served under this program, 2 percent less than the previous year. Program outlays increased in fiscal 1997, despite the decrease in the number of half pints served, because of the large increase in the reimbursements provided by USDA for paid milk—from an average

11.48 cents per half pint in fiscal 1996 to 12.31 cents in fiscal 1997. Over 6 percent of all half pints were served free in fiscal 1997.

Supplemental Food Programs Expand

Expenditures for supplemental food programs, consisting of the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) and the much smaller Commodity Supplemental Food Program, totaled \$3.9 billion in fiscal 1997, an increase of 4 percent over fiscal 1996.

In terms of Federal expenditures, the *Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)* is the third largest food-assistance program. Expenditures for WIC totaled \$3.8 billion in fiscal 1997, up 4 percent from the previous year. (The expenditure data for fiscal 1997 does not include the costs associated with the WIC Farmers' Market Nutrition Program. This program provides additional coupons to WIC recipients that they can use to purchase fresh fruits and

vegetables at participating farmers' markets.)

WIC served an average of 7.4 million people per month in fiscal 1997. This represented an increase of 3 percent over fiscal 1996, a continuation of the program's sharp growth since its establishment in 1974 (fig. 3). This expansion has been largely the result of increases in cost-containment measures, especially infant formula rebates, as well as increases in appropriated funds. Twenty-three percent of WIC recipients in fiscal 1997 were women, 25 percent were infants, and 52 percent were children. After rebates, the food benefits distributed to WIC recipients cost about \$31.68 per person per month in fiscal 1997.

Expenditures for the *Commodity Supplemental Food Program* totaled \$98.7 million in fiscal 1997, about 2 percent less than the previous year. Like the WIC program, the Commodity Supplemental Food Program provides supplemental foods to low-income women, infants, and children. However, unlike the WIC Program, it also serves the elderly. In fiscal 1997, an

average of about 370,000 people participated in the program each month, up 4 percent over the previous year. The number of elderly participants, who now comprise almost two-thirds of the program's participants, increased almost 11 percent in fiscal 1997. At the same time, the number of women, infants, and children in the program dropped 7 percent. This is a continuation of the trend in recent years of eligible women and their children joining the WIC program rather than the Commodity Supplemental Food Program.

Outlays for Food Donation Programs Increase

Over the past decade, the food donation programs have contracted significantly, due largely to the reductions in stocks of surplus foods that USDA acquires through its commodity price-stabilization and surplus-removal activities in support of farmers, and which it distributes to a variety of institutions serving the needy. Modifications in the price-stabilization and surplus-removal programs and changing market conditions have resulted in less surplus food being available for distribution through these programs. However, this trend was reversed in fiscal 1997, as total outlays for food donation programs increased almost 36 percent over fiscal 1996. Most of this increase was due to the expansion of The Emergency Food Assistance Program.

An average of 124,000 American Indians participated in the *Food Distribution Program on Indian Reservations* each month in fiscal 1997, about 3 percent more than during fiscal 1996. Costs of the pro-

Figure 3
Participation in WIC Continued To Grow in Fiscal 1997

