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The

Food Assistance Landscape

FY 2012 Annual Report

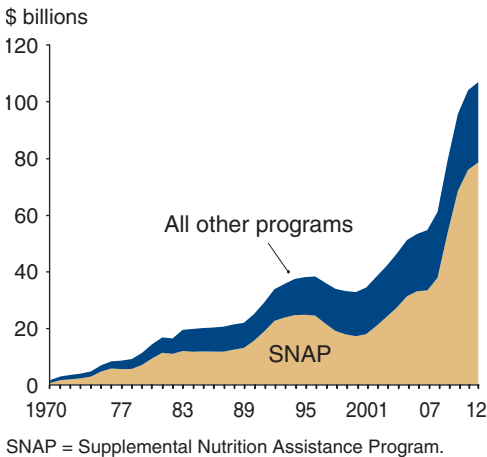
At some point during the year, about 1 in 4 Americans participates in at least 1 of the U.S. Department of Agriculture's (USDA) 15 domestic food and nutrition assistance programs. Over 70 percent of total USDA outlays go to these programs, which vary by size, target population, and type of benefits provided. USDA's Economic Research Service (ERS) conducts studies and evaluations of these programs. This report uses preliminary data from USDA's Food and Nutrition Service (FNS), the agency responsible for managing the programs, to examine trends in the food and nutrition assistance programs through fiscal year 2012 (October 1, 2011 to September 30, 2012). The report also summarizes two recent ERS reports: one that examines the role of the Supplemental Nutrition Assistance Program (SNAP) in alleviating poverty and the other that examines the relationship between U.S. economic conditions and participation in the USDA's major nutrition assistance programs.

Economic Research Service

Increase in Food Assistance Expenditures Slows

Federal expenditures for USDA's domestic food and nutrition assistance programs totaled \$106.7 billion in fiscal 2012, or 3 percent more than the previous fiscal year. This increase—the smallest in percentage terms since fiscal 2007—marked the 12th consecutive year in which food and nutrition assistance expenditures exceeded the previous historical record. The five largest programs in fiscal 2012—the Supplemental Nutrition Assistance Program (SNAP); the National School Lunch Program (NSLP); the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC); the School Breakfast Program (SBP); and the Child and Adult Care Food Program (CACFP)—accounted for 97 percent of USDA's expenditures for food and nutrition assistance. WIC was the only one of these programs that did not expand in terms of expenditures in fiscal 2012.

USDA expenditures for food assistance, FY 1970-2012

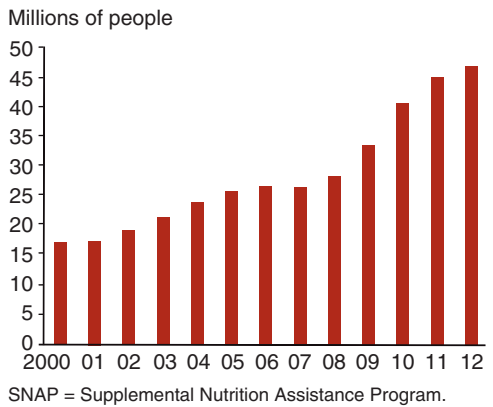


Number of SNAP Participants Increases

SNAP—formerly the Food Stamp Program—is the cornerstone of USDA's food and nutrition assistance programs, accounting for almost three-quarters (73 percent) of all Federal food and nutrition assistance spending in fiscal 2012. The program provides monthly benefits for eligible participants to purchase food items at authorized food stores. SNAP is available to most needy households with limited income and assets (subject to certain work and immigration status requirements). During fiscal 2012:

- An average 46.6 million persons per month participated in the program, the largest number ever to participate and 4 percent more than during the previous year. However, this was the smallest percentage increase since fiscal 2007.
- Benefits per person averaged \$133 per month, about the same as the previous year.
- Federal spending for the program totaled \$78.3 billion, or 3 percent more than the previous record high of \$75.7 billion set the previous year.

Average monthly SNAP participation, FY 2000-12



Number of WIC Participants Continues To Fall

The Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) helps safeguard the health of low-income pregnant, breastfeeding, and postpartum women as well as infants and children up to age 5 who are at nutritional risk by providing a package of supplemental foods, nutrition education, and health care referrals. During fiscal 2012:

- An average 8.9 million people per month participated in the program or slightly less than the previous year.
- Reflecting the continued decrease in U.S. births that began in 2008, the number of infants fell by almost 2 percent, and the number of women and children each fell by less than 1 percent. This marked the second consecutive year—and only the second time in the program's history—that participation for all three groups fell.
- Over half (53 percent) of all participants were children, 24 percent were women, and 23 percent were infants.

Federal nutrition assistance at a glance

Program		FY 2011	FY 2012	Change
SNAP	Average monthly participation (millions)	44.7	46.6	4.3%
	Average benefit per person (dollars/month)	133.85	133.42	-0.3%
	Total annual expenditures (\$ billions)	75.7	78.3	3.4%
WIC	Average monthly participation (millions)	9.0	8.9	-0.6%
	Food cost per person (dollars/month) ¹	46.67	45.10	-3.4%
	Total expenditures (\$ billions) ¹	7.2	6.9	-4.4%
National School Lunch Program	Average daily participation (millions)	31.8	31.6	-0.6%
	Total expenditures (\$ billions)	11.3	11.6	2.6%
School Breakfast Program	Average daily participation (millions)	12.2	12.8	5.4%
	Total expenditures (\$ billions)	3.0	3.3	8.0%
Child and Adult Care Food Program	Meals served in:			
	• Childcare centers (millions)	1,276.3	1,307.3	2.4%
	• Family daycare homes (millions)	583.1	570.3	-2.2%
	• Adult daycare centers (millions)	69.5	70.6	1.6%
	Total expenditures (\$ billions)	2.7	2.8	4.4%
All programs	Total expenditures (\$ billions)	103.8	106.7	2.8%

SNAP = Supplemental Nutrition Assistance Program.

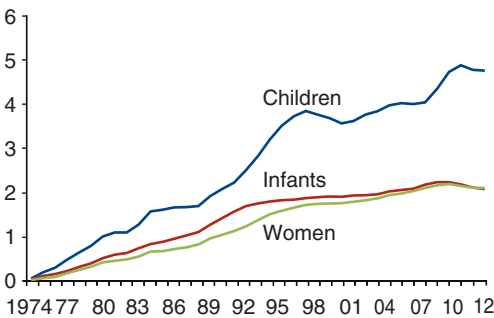
WIC = Special Supplemental Nutrition Program for Women, Infants, and Children.

¹Due to a change in the reporting process, the FY 2011 and FY 2012 figures for food costs per person and total expenditures are not directly comparable.

Note: The figures are based on preliminary data provided by USDA's Food and Nutrition Service as of December 2012 and are subject to change. Total program expenditures include figures from other programs not shown in the table.

Average monthly participation in WIC, FY 1974-2012

Millions of people



WIC = Special Supplemental Nutrition Program for Women, Infants, and Children.

Participation in National School Lunch Program Levels Off

The National School Lunch Program provides nutritious lunches at low or no cost to schoolchildren. Schools that participate in the program receive cash and some commodities from USDA to offset the cost of providing food. In return, the schools must serve lunches

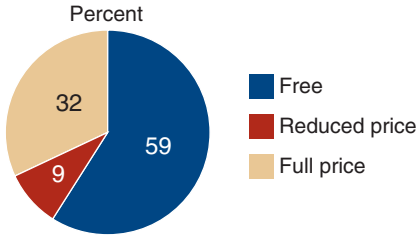
that meet Federal nutrition requirements and offer free or reduced-price lunches to needy children. Any child at a participating school may participate in the program. Children from families with incomes at or below 130 percent of the Federal poverty guidelines are eligible for free meals, and those from families with incomes between 130 percent and 185 percent of the poverty guidelines are eligible for reduced-price meals. Children from families with incomes over 185 percent of the poverty guidelines pay full price, although their meals are still subsidized to a small extent. During fiscal 2012:

- An average 31.6 million children participated in the program each school day, less than 1 percent fewer than in the previous fiscal year. This was the first decrease in average participation since fiscal 1990.
- A total of 5.2 billion meals were served, about the same as in the previous year. The percentage of all school lunches provided free to students increased from 58

percent to 59 percent, and the percentage of meals served at reduced-price increased from 8 to 9 percent.

- Spending for the program totaled \$11.6 billion or 3 percent more than in the previous fiscal year.

Share of school lunches served by type of reimbursement, FY 2012



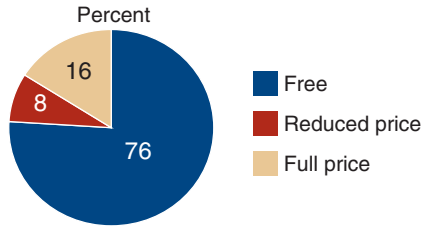
New nutrition standards for school meals reflecting the latest nutrition science began to be phased in during school year 2012. Schools were required to increase the availability of fruits, vegetables, whole grains, and fat-free and low-fat fluid milk in school meals; reduce the levels of sodium, saturated fat and trans fats in meals; and meet the nutrition needs of school children within their calorie requirements. These improvements are expected to enhance the diet and health of school children and to help mitigate the childhood obesity trend.

School Breakfast Program Continues To Expand

The School Breakfast Program provides low-cost breakfasts to schoolchildren, with students from low-income families receiving free or reduced-price meals (eligibility requirements are the same as those for the National School Lunch Program). During fiscal 2012:

- An average of 12.8 million children participated in the program each school day or 5 percent more than the previous fiscal year.
- Seventy-six percent of all breakfasts served were provided free to students, 8 percent were provided at a reduced price, and 16 percent were full price, the same as in the previous year.
- Spending totaled \$3.3 billion or 8 percent more than in the previous year, making the School Breakfast Program the fastest growing of all the major food assistance programs.

Share of school breakfasts served by type of reimbursement, FY 2012



Child and Adult Care Food Program Expands Slightly

The Child and Adult Care Food Program subsidizes healthy meals and snacks in participating childcare centers and homes and adult daycare facilities. Care providers are reimbursed for each type of qualifying meal (breakfast, lunch/supper, or snack) they serve. During fiscal 2012:

- A total of 1.9 billion meals were served or 1 percent more than in the previous year. The number of meals served increased by 2 percent in both child care centers and adult day care centers, while the number of meals served in family day care homes decreased by 2 percent.
- Program expenditures totaled \$2.8 billion or 4 percent more than in the previous year.

Economic and Social Indicators

Economic and social conditions affect participation in and spending on food assistance programs by influencing (1) the size of the eligible population, (2) the rate of participation among eligible people, and (3) benefit levels. Historically, changes in the country's economic conditions have significantly affected participation in SNAP. For example, the number of SNAP recipients typically rises during recessionary periods (when the number of unemployed and poor people increases) and falls during periods of economic growth (when the number of unemployed and poor people decreases).

According to Census Bureau figures released in September 2012, the Nation's official poverty rate was 15.0 percent in 2011, about the same as during the previous year. In 2011, real median household income in the United States fell 1.5 percent from the previous year. The annual unemployment rate was 8.1 percent in 2012, down from 8.9 percent in 2011.

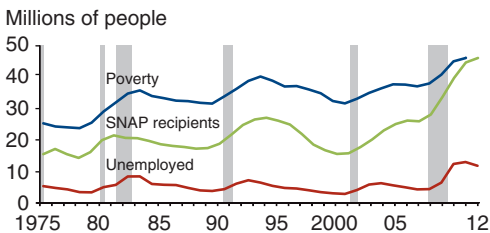
Selected economic and social indicators, 2010-12

Indicator	2010	2011	2012
Population in July (millions)	309.3	311.6	NA
Persons in poverty (millions)	43.6	46.2	NA
Poverty rate (percent)	15.1	15.0	NA
Median household income (2010 dollars)	50,831	50,054	NA
Civilian unemployment rate (percent)	9.6	8.9	8.1
Real GDP (percent change)	2.4	1.8	2.2
Food-insecure households (thousands)	17,229	17,853	NA
Very-low-food-security households (thousands)	6,357	6,839	NA
CPI for all items (percent change)	1.6	3.2	2.1
CPI for food (percent change)	0.8	3.7	2.6
CPI for food at home	0.3	4.8	2.5
CPI for food away from home	1.3	2.3	2.8
School enrollment (thousands)	54,704(P)	54,746(P)	54,905(P)

GDP = Gross Domestic Product.
CPI = Consumer Price Index.

NA = Data not available.
(P) = Projected.

Number of SNAP recipients, unemployed people, and people in poverty, 1975-2012



Note: Vertical bars indicate recessions.
SNAP = Supplemental Nutrition Assistance Program.

ERS Research Update

USDA's ERS is the premier source of economic research on food and nutrition assistance programs in the United States. ERS has compiled an electronic database of over 900 peer-reviewed reports, available at: <http://www.ers.usda.gov/data-products/food-and-nutrition-assistance-research-database/research-reports-articles-database.aspx>

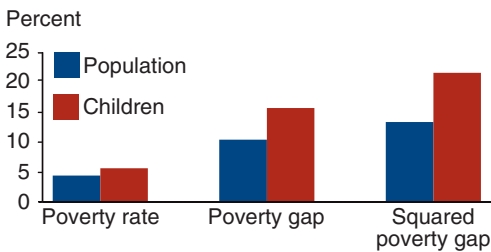
USDA's food and nutrition assistance programs form a nutritional safety net for millions of children and low-income adults, a role that is especially important when the economy falters and many Americans lose jobs and income. Among the ERS reports that were released in fiscal 2012, one examined the effect of SNAP on poverty and another examined the relationship between economic conditions and participation in USDA's major food and nutrition assistance programs.

Alleviating Poverty in the United States: The Critical Role of SNAP Benefits, ERR-132, April 2012. USDA offers in-kind assistance through a variety of nutrition assistance programs, including benefits for the purchase of groceries through SNAP. In-kind benefits are not included in the definition of family income used in the official U.S. poverty calculation. This study added the value of SNAP benefits to family income to determine the extent to which the program reduces poverty for each year from 2000 to 2009. Evaluations of the antipoverty effect of safety net programs often focus on the rate of poverty. However, the poverty rate reflects only one aspect of the antipoverty effect of a safety net program—whether or not adding program benefits to a family's resources lifts them above the poverty threshold. Two other measures, portraying the depth and severity of poverty, capture how program benefits increase income among the poor even if they do not lift them out of poverty. The poverty-gap index measures the depth of poverty and is defined by the mean distance below the poverty threshold, where the mean is formed over the entire population (the nonpoor are counted as having zero poverty gap). The squared-poverty-gap index, which provides a measure of the severity of poverty, is defined as the mean of the squared proportionate poverty gaps. The depth and severity measures provide richer information on how program benefits improve the well-being of poor families, and the severity

measure is particularly sensitive to how program benefits increase well-being among the poorest of the poor.

Results of the study found that SNAP benefits have a relatively stronger effect on the depth and severity of poverty than on the prevalence of poverty, and they have a particularly strong alleviative effect on poverty among children, who experience higher rates of poverty than the overall population. Specifically, the study found that SNAP benefits led to an average annual decline of 4.4 percent in the prevalence of poverty from 2000 to 2009, while the average annual decline in the depth and severity of poverty was much larger (10.3 and 13.2 percent, respectively). When SNAP benefits are included in family income, the average annual decline from 2000 to 2009 in the depth of child poverty was 15.5 percent and the average annual decline in the severity of child poverty was 21.3 percent. The analysis shows that examining the basic poverty rate on its own leads to an understatement of the role of SNAP benefits in the well-being of low-income Americans.

Average percent reduction in poverty measures after adding SNAP benefits, 2000-09



SNAP = Supplemental Nutrition Assistance Program.

How Economic Conditions Affect Participation in USDA Nutrition Assistance Programs, EIB-100, September 2012. USDA's nutrition assistance programs are designed to provide nutrition assistance to those in need. As economic conditions decline, more people are in need

of such assistance. The extent to which the programs respond to economic conditions is one measure of their effectiveness. A recent ERS report examined the relationship between U.S. economic conditions and participation in USDA's five largest nutrition assistance programs. The study period—fiscal year 1976 to fiscal year 2010—encompassed four complete business cycles, each consisting of a period of economic growth characterized by a falling unemployment rate and a period of economic decline characterized by a rising unemployment rate.

SNAP's reputation as one of the Nation's primary countercyclical assistance programs—expanding during economic downturns and contracting during periods of economic growth—is well established. However, there has been little analysis of the effect of the economy on the other programs. The results of this study indicate that SNAP, as expected, is the nutrition assistance program that is most responsive to changes in economic conditions, with participation in the program clearly following the unemployment rate over the business cycle. However, the study reveals that the other four major nutrition assistance programs are also impacted to some degree by economic conditions. For example, WIC caseloads appear to have become more responsive to economic conditions after the program became fully funded in the late 1990s (the number of births also had a strong influence on the number of participants). While economic conditions do not affect total participation in the child nutrition programs (NSLP, SBP, and CACFP), they do appear to affect the proportion of participants receiving free or reduced-price meals. Thus, these other programs, like SNAP, are countercyclical, with their use by needy families increasing during economic downturns.

Information on food assistance research can be found on the ERS website at www.ers.usda.gov/briefing/foodnutritionassistance and on the FNS Office of Research and Analysis website at www.fns.usda.gov/ora/. Information on USDA's food assistance programs can be found at www.fns.usda.gov/fns/. For more information on this report, contact Victor Oliveira at victoro@ers.usda.gov.

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