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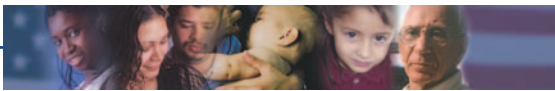
The Food Assistance Landscape

March 2005



The U.S. Department of Agriculture's (USDA) domestic food assistance programs increase food security and reduce hunger by providing children and low-income people access to food, a healthful diet, and nutrition education. One in 5 Americans participates in at least 1 of 15 food assistance programs at some point during the year. These programs account for about 60 percent of USDA's annual budget. The Economic Research Service (ERS) is responsible for conducting studies and evaluations of USDA's food assistance programs, focusing on the benefits of improved diets and food choices, factors that influence diet and nutrition, and program outcomes. This report uses preliminary data from USDA's Food and Nutrition Service (FNS) to examine trends in the food assistance programs through fiscal 2004 (October 1, 2003, to September 30, 2004). It also discusses a recent ERS report that provides a comprehensive review and synthesis of existing research on the impact of USDA's domestic food assistance programs on nutrition- and health-related outcomes.



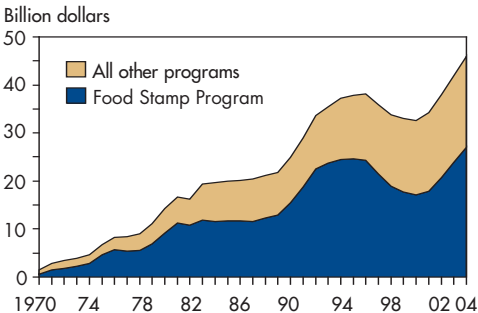


Record High Expenditures for Food Assistance

Expenditures for USDA's 15 food assistance programs totaled \$46 billion in fiscal 2004, the second consecutive year in which expenditures exceeded the previous record high. The fiscal 2004 expenditure level represented a 10-percent increase from the previous fiscal year, the fourth consecutive year in which total food assistance expenditures increased.

Each food assistance program targets populations with different nutritional needs. Five programs—the Food Stamp Program, the National School Lunch Program, the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC), the School Breakfast Program, and the Child and Adult Care Food Program—accounted for 94 percent of USDA's total expenditures for food assistance. Although each of these five programs expanded during fiscal 2004, over three-quarters (76 percent) of the increase in food assistance expenditures between fiscal 2003 and 2004 was due to the increase in Food Stamp Program expenditures.

USDA expenditures for food assistance, FY 1970-2004



Note: expenditures are in nominal terms (not adjusted for inflation).

Food Stamp Program Participation Continues To Increase

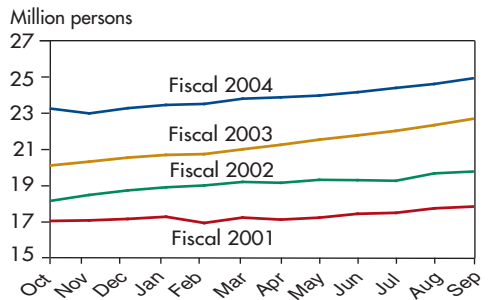
The Food Stamp Program is the largest of the food assistance programs, accounting for 59 percent of all food assistance spending in fiscal 2004. The program provides monthly benefits for eligible participants to purchase approved food items at authorized food stores. The program is available to most needy households (subject to certain work and immigration status requirements) with limited income and assets. During fiscal 2004:

- Spending for the Food Stamp Program totaled \$27.0 billion, exceeding the previous record high of \$24.6 billion in fiscal

1995. Fiscal 2004 expenditures represented a 13-percent increase over the previous fiscal year, making Food Stamps the fastest growing food assistance program for the year. This dramatic growth in expenditures was due largely to an increase in participation and, to a lesser degree, an increase in the average per person benefit.

- The average number of food stamp participants increased 12 percent in fiscal 2004, the largest percentage increase in participation since 1992. Participation in the program averaged 23.9 million people per month, or about 1 in 12 Americans. However, participation levels remain below the record 27.5 million persons per month who participated in the program in fiscal 1994, when one in nine Americans participated in the program.
- Participation in the program trended upward throughout the year. In 11 of the 12 months, participation increased over the previous month. This was a continuation of a longer term trend: since August of fiscal 2000, participation in the Food Stamp Program has risen in 44 of the last 50 months.
- Benefits per person averaged \$86.03 per month, about a 3-percent increase over the previous year.

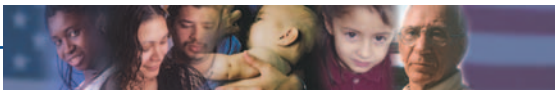
Monthly food stamp program participation continued to increase in fiscal 2004



Participation in WIC Reaches Record High

The Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) helps safeguard the health of low-income pregnant, breastfeeding, and postpartum women, and 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 2004:

- Spending for WIC totaled \$4.9 billion, or 9 percent more than the previous year,



Federal Nutrition Assistance At-A-Glance

Program		FY 2003	FY 2004	Change
Food Stamp Program	Average monthly participation (millions)	21.3	23.9	12.2%
	Average benefit per person (dollars/month)	83.93	86.03	2.5%
	Total annual expenditures (\$ billions)	23.9	27.0	13.2%
WIC	Average monthly participation (millions)	7.6	7.9	3.6%
	Total expenditures (\$ billions)	4.5	4.9	9.1%
National School Lunch Program	Average daily participation (millions)	28.4	28.9	1.7%
	Total expenditures (\$ billions)	7.2	7.6	5.5%
School Breakfast Program	Average daily participation (millions)	8.4	8.9	5.2%
	Total expenditures (\$ billions)	1.7	1.8	6.7%
Child and Adult Care Food Program	Meals served in:			
	• child care centers (millions)	1,023	1,057	3.4%
	• family day care homes (millions)	693	687	-0.9%
	• adult day care centers (millions)	49	53	9.6%
	Total expenditures (\$ billions)	1.9	2.0	4.5%
All programs	Total expenditures (\$ billions)	41.8	46.0	10.0%

Note: The figures are based on preliminary data provided by the Food and Nutrition Service as of November 2004 and are subject to change. Total program expenditures includes figures from other programs not shown in table.

making WIC the second fastest growing food assistance program. The growth in expenditures was due to both an increase in participation and to an increase in the average amount of the per person benefit.

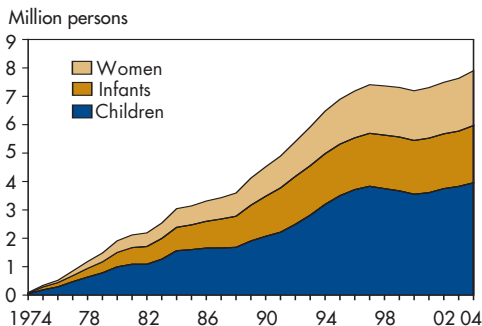
- Monthly participation in WIC increased almost 4 percent over the previous year to an average 7.9 million people, a new record high.
- Children (age 1-4 years) made up 50 percent of all WIC participants, while women accounted for 24 percent and infants (less than 1 year of age) 26 percent.

- Per person food costs averaged \$37.86, or 7 percent more than during the previous year.

Number of Meals Served in National School Lunch Program Stabilizes

The National School Lunch Program provides nutritious low-cost or free lunches to schoolchildren. Schools that participate in the National School Lunch Program receive cash and some commodities from USDA to offset the cost of food service. 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 Federal poverty guidelines are eligible for free meals, and those from families between 130 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 a full price, though their meals are still subsidized to a small extent. Over 90 percent of all elementary and secondary

Average monthly participation in WIC increased in FY 2004

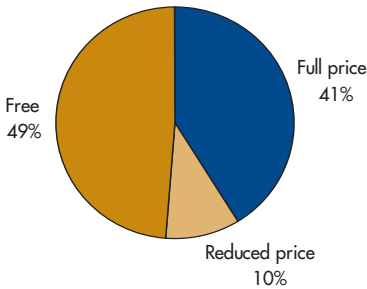




students in the United States attend a school that participates in the program. During fiscal 2004:

- Spending for the program totaled \$7.6 billion, a 6-percent increase over the previous year.
- An average 28.9 million children participated in the program each school day. This represented about 59 percent of all children attending a participating school or institution.
- The total number of lunches served increased by 1 percent relative to fiscal 2003. The number of free and reduced-price lunches served each increased 2 percent, while the number of paid lunches remained about the same.
- Almost half (49 percent) of the school lunches served were provided free to students and another 10 percent were provided at a reduced price.

Meals served in the National School Lunch Program by type of reimbursement, FY 2004



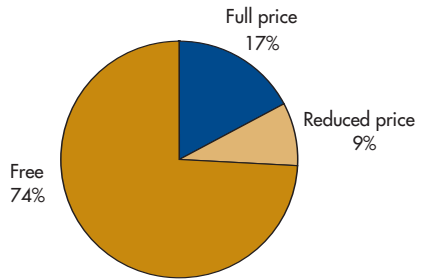
School Breakfast Program Expands

The School Breakfast Program provides low-cost breakfasts to school children, 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). Almost three-quarters of all elementary and secondary students in the United States attended a school that participates in the program. During fiscal 2004:

- An average 8.9 million children participated in the program each school day, or about 22 percent of all children attending a participating school or institution.
- Spending for the program totaled \$1.8 billion, or 7 percent more than in the previous year.
- A total of 1.5 billion breakfasts were served, or about 5 percent more than in fiscal 2002.

- Almost three-quarters (74 percent) of these breakfasts were provided free to students and another 9 percent were provided at a reduced price.
- Two-thirds (67 percent) of the breakfasts served in the program received "severe need" reimbursements (schools may qualify for these higher "severe need" reimbursements if a specified percentage of their lunches are served free or at reduced price.)

Meals served in the School Breakfast Program by type of reimbursement, FY 2004



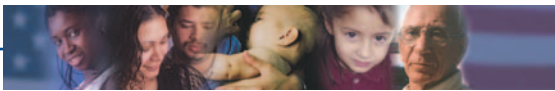
Child and Adult Care Food Program Grows Modestly

The Child and Adult Care Food Program subsidizes healthy meals and snacks in participating child care centers and homes and adult day care facilities. The providers of care are reimbursed for each type of qualifying meal (breakfast, lunch/supper, or snack) they serve. During fiscal 2004:

- Expenditures for the program totaled \$2.0 billion, almost 5 percent greater than the previous year.
- A total of 1.8 billion meals were served, an increase of about 2 percent from fiscal 2003.
- About 58 percent of all meals served were in child care centers, 38 percent were in family child care homes, and 3 percent in adult care centers.

Economic and Social Indicators

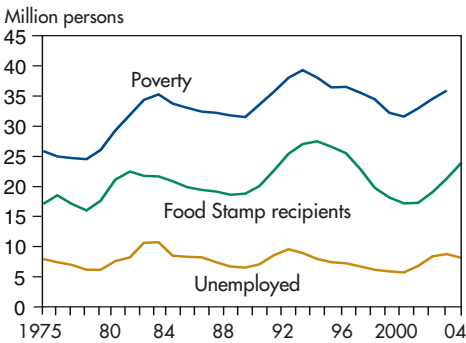
Economic and social conditions affect participation in and expenditures on the food assistance programs through their influence on: (1) the size of the eligible population; (2) the rate of participation among eligible people; and (3) benefit levels. Historically, changes in the country's economic conditions significantly affect participation in the Food Stamp Program. For example, the number of food stamp recipients typically rises during recessionary periods when the number of



unemployed and poor persons increases, and falls during periods of growth as the number of unemployed and poor persons decreases.

The unemployment rate was 5.5 percent in 2004, down from 6.0 percent the previous year. This marked the first decrease in the unemployment rate in the last 4 years. Despite the decrease in unemployment, food stamp participation continued to increase in fiscal 2004. Efforts to increase awareness of and improve access to the Food Stamp Program helps explain at least some of the increase in the number of food stamp participants during fiscal 2004.

Number of food stamp recipients, unemployed, and people in poverty, 1975-2004



Research Update: Effects of Food Assistance and Nutrition Programs on Nutrition and Health: Volume 3, Literature Review

Although USDA's food assistance programs vary greatly in size, target population, and benefit-delivery strategy, they all provide children or

low-income households with food, the means to purchase food, and/or nutrition education. The programs share the main goal of ensuring the health of vulnerable Americans by providing access to a nutritionally adequate diet. Faced with tight budgets and competing national priorities, policymakers want to ensure that government programs are achieving their intended outcomes. In order to spend tax dollars wisely, policymakers need objective evaluations of program's effectiveness.

Over the past 30 years, a number of studies—both publicly and privately funded—have tried to quantify the effects of the food assistance programs. However, there has been no comprehensive assessment of the effects of the programs on the diet and health outcomes of participants. As part of the ERS-funded "Nutrition and Health Outcomes Study," a recent report reviewed and synthesized research from over 300 publications on the impact of USDA's food assistance programs on participants' diet and health outcomes. The primary objective of the literature review was to summarize current knowledge about the effects of program participation on nutrition- and health-related outcomes. The review examines the research on 15 food assistance programs but tends to focus on the largest ones for which more research is available: food stamps, school feeding programs, and WIC. The impact of program participation on a number of different outcomes was reviewed—for example, food security, birth outcomes, food spending, and individual dietary intake, including comparisons to reference standards, such as Recommended

Selected Economic and Social Indicators, 2002-04

Indicator	2002	2003	2004
Population (millions)	288	291	294
Persons in poverty (millions)	34.6	35.9	NA
Poverty rate (%)	12.1	12.5	NA
Median household income (2003 dollars)	43,381	43,318	NA
Civilian unemployment rate (%)	5.8	6.0	5.5
Real GDP ¹ (% change)	1.9	3.0	NA
Food-insecure households (thousands)	12,058	12,583	NA
Households with hunger (thousands)	3,799	3,920	NA
CPI ² for all items (% change)	1.6	2.3	NA
CPI for food (% change)	1.8	2.2	NA
CPI for food at home (% change)	1.3	2.2	NA
CPI for food away from home (% change)	2.5	2.1	NA
TANF ³ recipients (thousands)	5,187	4,987	4,799
School enrollment (thousands)	54,158 (P)	54,296 (P)	54,455 (P)

¹Gross Domestic Product ²Consumer Price Index ³Temporary Assistance for Needy Families
 Note: NA = Data not available. (P) = Projected.



Examples of outcome measures examined in report

- Household food expenditures
- Household nutrient availability
- Individual dietary intake
- Health-related behaviors:
 - Breastfeeding
 - Child immunizations
 - Socialization among the elderly
- Other measures of nutrition and health status:
 - Birthweight and related measures
 - Food security
 - Nutritional biochemistries
 - Linear growth in children
 - Body weight
 - School performance

Dietary Allowances (RDAs) and the Dietary Guidelines for Americans.

For each of the 15 food assistance programs reviewed, the report provides a summary of the program's legislative history and its benefits and eligibility requirements, a description and synthesis of the research on the program's impact on nutrition- and health-related outcomes, and a summary of what is and what is not known about the nutrition- and health-related impacts of the program. The report also identifies areas for future research.

The main conclusion of this review of previous research is that any findings regarding the impact

of food assistance program participation on nutrition and health status must be interpreted with caution. Many studies share one or more of three key limitations—inadequate research design, the relative age of the research, and changing standards used to assess dietary intake. Despite these limitations, some impacts of selected food assistance programs are found across a number of independent studies. For example, research has consistently shown that the Food Stamp Program increases household food expenditures, which may in turn lead to increased availability of certain nutrients at the household level. The literature also strongly suggested that WIC increases mean birthweight, lowers the incidence of low birthweight, and decreases birth-related health care costs. These effects are likely to be greatest among Blacks and among the lowest income women—groups who have the highest incidence of low birthweight.

The complete results of this study can be found in *Effects of Food Assistance Programs on Nutrition and Health: Volume 3, Literature Review* (FANRR-19-3, U.S. Department of Agriculture, Economic Research Service, October 2004) available at www.ers.usda.gov/publications/fanrr-19-3/.

Three other volumes under the title *Effects of Food Assistance Programs on Nutrition and Health* were produced by the study. *Volume 1, Research Design* (FANRR-19-1), *Volume 2, Data Sources* (FANRR-19-3), and *Volume 4, Executive Summary of the Literature Review* (FANRR-19-4), are available at www.ers.usda.gov/publications/fanrr-19-1/ and its links.

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 Analysis, Nutrition, and Evaluation website at www.fns.usda.gov/oane. Information on USDA's food assistance programs can be found on the FNS website at www.fns.usda.gov/fns. For more information on this report, contact Victor Oliveira at victoro@ers.usda.gov.

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