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Spending on Food-Assistance Programs Levelled Off in 1995

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More than 45 million people, or about 1 in 6 Americans, received food assistance at some time in fiscal 1995. USDA outlays for domestic food-assistance programs totaled almost \$38 billion in fiscal 1995, an increase of less than 2 percent from fiscal 1994—the smallest rise in 8 years (fig. 1). This was in sharp contrast to fiscal years 1990, 1991, and 1992, when outlays for food assistance grew 14-16 percent per year.

The U.S. Department of Agriculture administers most of the Nation's domestic food-assistance programs, which were first established during the 1930's. At that time, the primary objective of the programs was to reduce the stocks of surplus agricultural commodities that had been purchased by the Federal Government in order to stabilize farm prices and incomes. The level of food assistance depended on the amount of available surplus commodities, increasing when surpluses were large and falling when surpluses decreased. Over time, the primary goals of the food-assistance programs expanded to include providing low-income people with access

to a more nutritious diet and improving the eating habits of children.

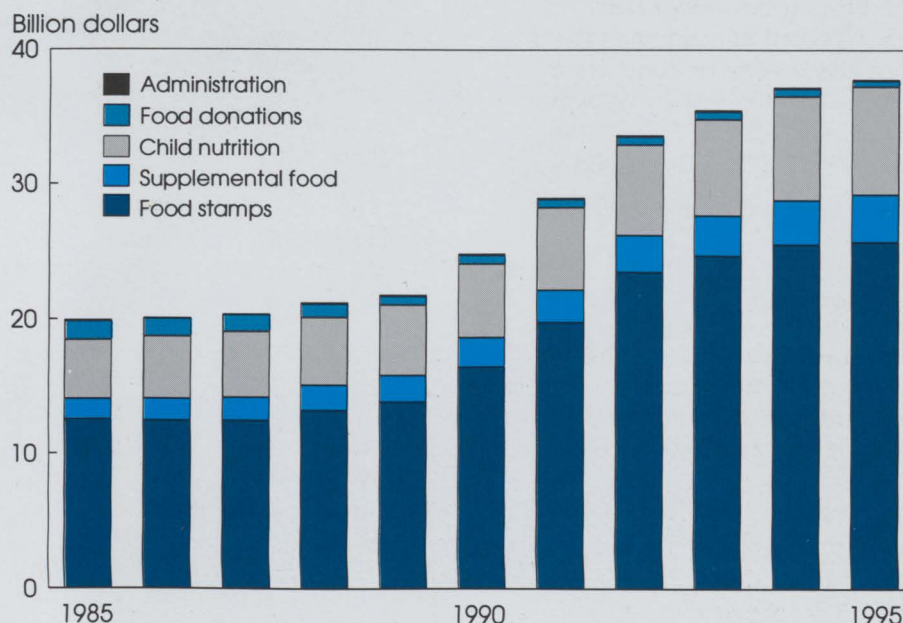
USDA's food-assistance programs are administered by the Food and Consumer Service (FCS), which works in partnership with the States. These programs take a variety of forms, differing by size, the population groups they serve, and the types of benefits provided (see box). This article discusses how each of these programs works and the degree of expansion or contraction in 1995. Individual food-assistance pro-

grams were grouped into four broad categories of programs—Food Stamp Related, Child Nutrition, Supplemental Food, and Food Donation—in order to examine general trends from fiscal 1985 to 1995.

Food Stamp Related Programs

Food Stamp Related Programs—including the Food Stamp Program and the Nutrition Assistance Program for Puerto Rico, the Northern

Figure 1
Outlays for USDA's Food-Assistance Programs Levelled Off in Fiscal 1995



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Marianas, and American Samoa—constitute the largest of the four major food-assistance program groups (fig. 1). Together, they accounted for \$25.7 billion, or over two-thirds of all USDA food-assistance expenditures, in fiscal 1995. Over the past decade they have been among the fastest growing groups of food assistance programs, as expenditures more than doubled between fiscal 1985 and 1995. Expansion of the Food Stamp Program was responsible for much of this increase. The Food Stamp Program is designed to respond to changes in the economy. For example, the recession of 1990-91 and the weak economic recovery that immediately followed brought millions of people into the Food Stamp Program. However, while most of the growth in participation between 1989 and 1993 was driven by the economy, part of the growth

was also fueled by expansion of the Medicaid Program and improvements in making the Food Stamp Program more accessible to people, thus bringing more people into the social service network. Growth in the Food Stamp Program has since slowed, as the country's economy strengthened. In fiscal 1995, expenditures for food stamp related programs increased by less than 1 percent.

The Food Stamp Program

With outlays of \$24.6 billion in fiscal 1995, the Food Stamp Program is the single largest Federal food-assistance program (table 1). The program improves the nutrition levels of low-income households by increasing their food purchasing power. Unlike the other food-assistance programs that target specific

groups, such as children or the elderly, the Food Stamp Program is designed to address the basic nutritional needs of all eligible low-income families or individuals. Eligibility and benefits are based on household size, household assets, and gross and net income (see "Participation in the Food Stamp Program Dropped in 1995," elsewhere in this issue). While most recipients are provided with monthly allotments of coupons that can be used like cash at more than 200,000 authorized retail foodstores, a growing number receive an Electronic Benefits Transfer (EBT) card which operates like a debit card and can be used only at authorized retail foodstores. More than half of all food stamp beneficiaries are children, and more than 60 percent of all households receiving food stamps have children.

Major Characteristics of Food-Assistance Programs

Food-assistance program	Target population	Type of benefits
Food stamp related programs:		
Food Stamp Program	Low-income households	Food coupons or EBT card
Nutrition Assistance Programs	Low-income households	Food coupons or cash
Child nutrition programs:		
National School Lunch	School children	Meals
School Breakfast	School children	Meals
Child and Adult Care Food	Children, elderly, and impaired adults	Meals
Summer Food Service	Children in low-income areas	Meals
Special Milk	Children	Milk
Supplemental food programs:		
WIC	Women, infants, and children	Food vouchers
CSFP	Elderly, women, infants, and children	Commodities
Food donation programs:		
Food Distribution on Indian Reservations	Native Americans	Food packages
Nutrition Program for the Elderly	Elderly persons	Meals
Disaster Feeding	Disaster victims	Commodities
TEFAP	Needy households	Commodities
Charitable Institutions and Summer Camps	Needy persons and children	Commodities
Soup Kitchens and Food Banks	Homeless and other needy persons	Commodities

The Food Stamp Program served an average of 26.6 million people residing in 10.9 million households each month in fiscal 1995. This represented a 3-percent drop in the number of food stamp recipients from the previous year, the first decrease in 7 years. Food stamp recipients received an average monthly benefit of \$71.26 per person in fiscal 1995, up 3 percent from fiscal 1994. However, total program costs in fiscal 1995 increased by less than 1 percent over the previous year because of lower program participation.

The Nutrition Assistance Program in Puerto Rico, the Northern Marianas, and American Samoa

The Food Stamp Program in Puerto Rico was replaced in 1982 by the Nutrition Assistance Program. Programs were started in 1982 for the Northern Marianas and in 1994 for American Samoa. These modified food stamp programs receive Federal funds through block grants, which allow these areas to operate food-assistance programs designed specifically for their low-income citizens. Recipients receive either food

coupons or cash. USDA funding for these programs totaled \$1.1 billion in fiscal 1995, a 5-percent increase from the previous year.

Child Nutrition Programs

Child Nutrition programs comprise five programs: the National School Lunch, School Breakfast, Child and Adult Care, Summer Food Service, and Special Milk Programs. Total USDA outlays for these programs, including aid for State administrative expenses and the

Table 1
Food-Assistance Program Outlays, 1994-95

Food-assistance program	1995 program costs	1994 program costs	Change in costs, 1994-95
	Million dollars	Million dollars	Percent
Food stamp related programs	25,743.9	25,556.0	0.7
Food Stamp Program ¹	24,609.6	24,473.7	.6
Nutrition Assistance Programs	1,134.2	1,082.2	4.8
Child nutrition programs ²	8,010.2	7,673.2	4.4
National School Lunch	5,150.8	5,001.2	3.0
School Breakfast	1,043.1	959.0	8.8
Child and Adult Care ¹	1,463.2	1,354.5	8.0
Summer Food Service ¹	239.5	229.9	4.2
Special Milk	17.1	17.8	-3.7
Supplemental food programs	3,518.3	3,276.6	7.4
WIC ¹	3,419.5	3,169.2	7.9
CSFP ¹	98.8	107.4	-8.0
Food donation programs	410.6	587.6	-30.1
Food Distribution on Indian Reservations ¹	63.8	64.7	-1.5
Nutrition Program for the Elderly	146.7	153.4	-4.3
Disaster Feeding	0.7	3.1	-77.6
TEFAP ¹	86.9	215.6	-59.7
Charitable Institutions and Summer Camps	66.6	104.7	-36.4
Soup Kitchens and Food Banks	46.0	46.0	-.1
All programs ³	37,789.3	37,199.6	1.6

Notes: ¹Includes administrative costs. ²Total includes the Federal share of State administrative costs which were \$96.6 million in fiscal 1995 and \$110.8 million in fiscal 1994. ³Total includes Federal administrative expenses of \$106.4 million in fiscal 1995 and \$106.3 million in fiscal 1994.

costs of nutrition studies and education, increased 4 percent to \$8 billion in fiscal 1995. This is a continuation of the trend of steady increases in program outlays, which grew 82 percent over the last decade.

The National School Lunch Program

The second largest food-assistance program behind food stamps, the National School Lunch Program accounted for 64 percent of total outlays for all the child nutrition programs in fiscal 1995. The program provides lunches to children in public and nonprofit private schools and residential childcare institutions. Schools receive cash and commodity reimbursements from USDA to offset the cost of foodservice. Additional cash reimbursement is provided to further subsidize lunches served free or at a reduced price. To receive USDA reimbursements, schools must serve lunches that meet Federal nutritional requirements and offer free or reduced-price lunches to needy children determined eligible for such benefits. Any child at a participating school may participate 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 are eligible for reduced-price meals. Children from families with incomes over 185 percent of the poverty level must pay the full price, as set by the school, although even those are subsidized 31.5 cents per meal in school year 1995-96, which includes a 17.25-cent cash subsidy and a 14.25-cent commodity subsidy.

Participation in the School Lunch Program was widespread in fiscal 1995, as over 94,000 schools and residential childcare institutions (accounting for about 97 percent of all public school children) participated in the program. On average, 58 percent of all children in participating

schools participated in the program each school day. In 1995, USDA began moving toward implementation of the School Meals Initiative for Healthy Children, requiring school meals to meet the Dietary Guidelines for Americans. To help schools implement the new policy, USDA launched Team Nutrition, which supports schools with educational and technical resources to motivate children to eat healthy meals in addition to providing new tools and techniques to help foodservice staff prepare nutritious, appealing meals.

Each school day in fiscal 1995, the School Lunch Program served an average 25.6 million children, including 12.5 million who received a free lunch, and another 1.9 million who received a reduced-price lunch. Because the program already operated in most schools prior to 1995, there was limited potential for growth. Average daily participation in fiscal 1995 increased only 1 percent over the prior year. USDA's costs for the program totaled \$5.2 billion, up 3 percent from fiscal 1994.

The School Breakfast Program

The School Breakfast Program provides breakfasts to school children, with students from low-income families eligible to receive free or reduced-price meals. Although eligibility guidelines for free and reduced-price meals are identical to those for the National School Lunch Program, the School Breakfast Program differs in several aspects. First, the School Breakfast Program is considerably smaller than the School Lunch Program; an average of only 6.3 million children in 65,113 schools and residential childcare institutions participated in fiscal 1995. Second, a much greater proportion of breakfast program participants are low-income; 81 percent of all school breakfasts were served free, and another 6 percent were served at reduced prices in fiscal 1995. Third, the

breakfast program has expanded rapidly in recent years as a result of USDA's efforts to encourage schools that participate in the School Lunch Program to also participate in the School Breakfast Program. The average daily number of participants increased 8 percent in 1995, and outlays for the program rose 9 percent, the largest increase among all the individual food-assistance programs.

The Child and Adult Care Food Program

This program provides healthy meals and snacks to children in nonprofit childcare centers and family and group daycare homes. (The adult care portion of the program, which provides meals to the elderly and functionally impaired adults in adult daycare settings, accounted for only 2 percent of total program costs in fiscal 1995.) Children from low-income families are eligible for free or reduced-price meals and snacks, based on the same eligibility guidelines used in the School Lunch and Breakfast Programs.

The program's rapid expansion over the past decade continued in fiscal 1995 when 1.5 billion meals were served, a 6-percent increase over the previous year. About 82 percent of all meals served under this program were served free and another 4 percent were at reduced prices in fiscal 1995. Program expenditures totaled \$1.5 billion in fiscal 1995, an 8-percent increase over fiscal 1994.

The Summer Food Service Program

The Summer Food Service Program provides free meals to children (age 18 and under) and handicapped adults during school vacations in areas where at least half of the children are from households with income at or below 185 percent of the poverty level. There is no income test for eligibility; any child in the program's operating area may

participate. The program is operated at the local level by local sponsors who are reimbursed by USDA. Local sponsors may be government agencies, public or private nonprofit schools, public or private nonprofit colleges and universities operating the National Youth Sports Program, and public and private nonprofit summer camps.

In fiscal 1995, the program served almost 123 million meals or snacks. During the peak month of July, an average of 2.1 million children participated each day. Program costs totaled almost \$240 million in fiscal 1995, a 4-percent increase from fiscal 1994.

The Special Milk Program

This program provides funding for milk in public and nonprofit schools, childcare centers, summer camps, and similar institutions which have no other federally assisted food program. Milk is provided either free or at low cost to all children at participating schools. Schools may elect to serve free milk to children from families with incomes at or below 130 percent of the poverty level.

The Special Milk Program is the smallest of the child nutrition programs, accounting for less than 1 percent of this group's total expenditures. In fiscal 1995, 152 million half pints of milk were served under this program, about 6 percent of which were served free. Program costs totaled \$17.1 million, almost a 4-percent decrease from the previous year. This was the fourth straight year program costs decreased, due primarily to a drop in program participation as a result of the expansion of the National School Lunch and School Breakfast Programs, which include milk with the meals.

Supplemental Food Programs

This group consists of two programs: the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) and the Commodity Supplemental Food Program. Combined outlays for these two programs reached \$3.5 billion in 1995, a 7-percent increase from 1994. Since 1984, Supplemental Food Programs have been the fastest growing of the four major food-assistance program groups, as outlays increased 130 percent from 1985 to 1995.

Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)

WIC dominates the supplemental food programs, accounting for 97 percent of the total costs. The program 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 5th birthday who are determined by health professionals to be nutritionally at risk. Participants receive vouchers that can be redeemed at retail foodstores for specific foods that are high in protein, calcium, iron, and vitamins A and C. The WIC program encourages breastfeeding among low-income mothers, providing them with an enhanced food package and allowing them to stay in the program longer than mothers who do not breastfeed. To increase access to fresh produce, WIC recipients in 30 States are provided additional coupons that can be used to buy fresh fruits and vegetables from authorized farmers or from farmers' markets through WIC's Farmers' Market Nutrition Program.

An average of 6.9 million people per month participated in the WIC program in fiscal 1995, of whom 23 percent were women, 26 percent

were infants, and 51 percent were children. In terms of participation, WIC has been one of the fastest growing food-assistance programs, as the number of participants more than doubled since fiscal 1985. This expansion was reflected in WIC program costs, which reached \$3.4 billion in fiscal 1995, up 8 percent over the previous year. Participants received an average of \$30.44 per month in benefits.

The Commodity Supplemental Food Program (CSFP)

Like WIC, this program provides nutritious supplemental foods at no cost to low-income pregnant and postpartum women, and infants and children up to their 6th birthday. Unlike the much larger WIC program, the CSFP also serves the elderly (60 years of age or older) and it provides food instead of vouchers. Authorized food distributed under this program includes iron-fortified infant formula and cereal, adult cereals, grits, oatmeal, canned juice, evaporated milk and/or nonfat milk, canned vegetables and/or fruits, canned meat, poultry or tuna, egg mix, dehydrated potatoes, rice or pasta, and peanut butter or dry beans. In addition to authorized food, CSFP participants sometimes receive surplus food acquired through USDA's commodity price-support programs. CSFP often operates in areas where WIC is not available. Eligible people cannot participate in both programs at the same time.

In fiscal 1995, an average of over 364,000 people participated in the program each month, about the same number as in the previous year. However, the composition of CSFP participants continued to change in fiscal 1995. In recent years, many women, infants, and children have shifted out of the CSFP and into WIC. As the participation of women, infants, and children in the

program declined, the number of elderly in the program increased. In fiscal 1995, for the first time, the elderly made up over half of all participants in the program. Program costs fell 8 percent from fiscal 1994 to \$99 million in fiscal 1995. This decrease was almost entirely the result of the reduction of surplus food acquired through USDA's price-support programs.

Food Donation Programs

Food Donation Programs consists of six separate programs: The Food Distribution Program on Indian Reservations, Nutrition Program for the Elderly, Disaster Feeding Program, The Emergency Food Assistance Program, Food Distribution Programs for Charitable Institutions and Summer Camps, and Food Donation Programs to Soup Kitchens and Food Banks. This group of programs has experienced the greatest change over the past decade. Combined USDA outlays fell 70 percent from fiscal 1985 to \$411 million in fiscal 1995, including a 30-percent drop in fiscal 1995 alone. The decrease in outlays was widespread among each of the six programs in fiscal 1995, although to varying degrees.

Much of the contraction in the Food Donation Programs in recent years has been due to the reductions in stocks of surplus foods. USDA supports farmers by acquiring food through its price stabilization and surplus removal activities. While some of this surplus food is distributed in the Child Nutrition and the Supplemental Food Programs, most is distributed through the Food Donation programs. USDA also purchases foods specifically to distribute in its Food Donation Programs. In the past, most of the food distributed in these programs was surplus commodities. For example, in fiscal

1985, over 80 percent of the total costs associated with the Food Donation Program involved purchasing, processing, packaging, and distributing surplus foods. However, modifications in the commodity price-support programs and changing market conditions have resulted in less surplus food being available for distribution for the needy. By 1995, surplus foods accounted for only 31 percent of the total costs of the Food Donation programs.

Food Distribution Program on Indian Reservations

This program provides commodities to American Indians living on or near participating Indian reservations and who choose not to participate in the Food Stamp Program (it also includes a small number of residents of the Marshall Islands, who comprise about 3 percent of the program's participants.) The program provides an alternative to the Food Stamp Program to many American Indians whose remote location limits access to foodstores. Program recipients receive a monthly food package weighing about 50 to 75 pounds. It contains a variety of foods recommended in 1986 by a USDA task force to meet the health needs and preferences of American Indians. Commodities either come from agricultural surpluses or are purchased by USDA specifically for the program. Household eligibility is based on income, resources, and proximity to a reservation. One of the smaller food-assistance programs, it served an average of 117,000 people per month in fiscal 1995. Cost of the program totaled \$64 million in fiscal 1995, a 2-percent decrease from the previous year.

Nutrition Program for the Elderly

This program provides cash and commodities to States for meals for senior citizens. Administered by the U.S. Department of Health and Hu-

man 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. Recipients can contribute as they wish toward the cost of the meal, but the meal is free to those who cannot contribute.

Over 251 million meals were served under this program in fiscal 1995. USDA program costs totaled \$147 million, a 4-percent decrease from the previous year.

Disaster Feeding Program

The Federal Emergency Management Agency (FEMA) is responsible for coordinating disaster relief. However, USDA purchases food commodities for assistance in major disasters or emergencies when other food supplies are not readily available under the Disaster Feeding Program. Expenditures for this program totaled \$0.7 million in fiscal 1995, a decrease of 78 percent from fiscal 1994 when food assistance was given to victims of the Northridge earthquake in California and to flood victims in the Southeast.

The Emergency Food Assistance Program (TEFAP)

This program, 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. Within broad guidelines, each State sets its own eligibility criteria and selects local emergency feeding organizations to distribute the com-

modities. Expenditures for this program have fallen dramatically in recent years along with the inventory of surplus commodities. About \$87 million went to the programs in fiscal 1995, a 60-percent decrease from the previous year.

Food Distribution Programs for Charitable Institutions and Summer Camps

Under this program, USDA donates food to nonprofit charitable institutions serving meals on a regular basis to needy persons and to summer camps for children. These include church-operated community kitchens for the homeless, orphanages, soup kitchens, temporary shelters, and homes for the elderly. Expenditures on these programs in fiscal 1995 totaled \$67 million, a 36-percent decrease from the previous year. This decline reflects changes in agricultural policy which reduced the inventories of price-support commodities available for donation.

Food Donation Programs to Soup Kitchens and Food Banks

USDA purchases food specifically to distribute to soup kitchens and food banks under this program. (Historically, surplus food has been only a minor source of the program's food supply.) Commodities are allocated to the States based on a formula which considers the number of people in each State below the poverty level and the number unemployed. Within each State, priority is given to institutions that prepare food for the homeless. Expenditures for this program totaled \$46 billion in fiscal 1995, only slightly below its fiscal 1994 level.

Future Considerations

Lawmakers continue to debate the issue of welfare reform. Although all sides propose cuts in welfare spending (including food-assistance programs), they differ in the amount and form that these cuts will take.

Until legislation is actually passed and the exact form of these cuts in the food assistance-programs is specified, their impact on the needy is difficult to predict.

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