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Food-Assistance Expenditures Fall for Second Year

Victor Oliveira
(202) 694-5434
victoro@econ.ag.gov

A strong economy combined with stricter food stamp eligibility rules in fiscal year 1998 led to fewer people receiving Federal food assistance and a resulting decrease in food-assistance program costs. Federal Government expenditures on these programs totaled \$33.6 billion in fiscal year 1998, a fall of 6 percent from the previous year, making this the second consecutive year in which total expenditures declined. Prior to fiscal year 1997, annual food-assistance program expenditures had increased for 14 consecutive years (fig. 1), which are measured from October through September rather than by calendar year. (The data cited in this article are based in part on preliminary data submitted by various reporting agencies as of December 1998 and are subject to change as reporting agencies finalize data.)

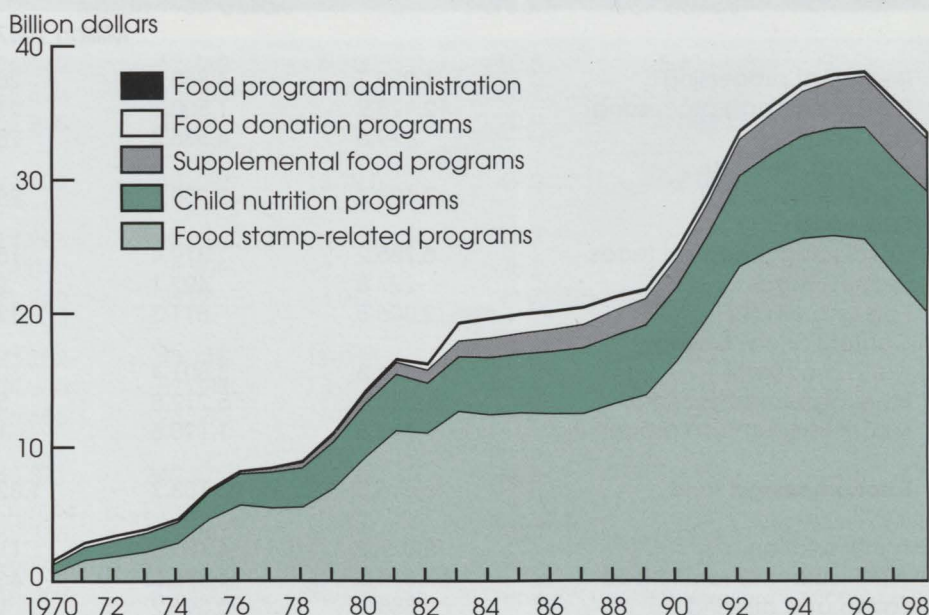
The U.S. Department of Agriculture's (USDA) Food and Nutrition Service (FNS) administers the wide assortment of food-assistance programs that differ by expenditure level, the population groups they

serve, and the types of benefits provided (see box on domestic food-assistance programs). Most of the decrease in total food-assistance expenditures in fiscal year 1998 was attributed to the Food Stamp Program; other programs expanded. Individual programs, when grouped into four broad categories—Food Stamp-Related, Child Nutrition, Supplemental Food, and Food Donation—reveal general patterns and trends.

Food Stamp-Related Programs Costs Declined Substantially

The Food Stamp Program is the cornerstone of USDA's network of food-assistance programs. In lieu of the Food Stamp Program, Puerto Rico, the Commonwealth of the Northern Mariana Islands, and American Samoa receive grant funds that allow them to operate nutrition-assistance programs

Figure 1
Food Assistance Expenditures Continued To Decrease in Fiscal 1998



The author is an agricultural economist with the Food and Rural Economics Division, Economic Research Service, USDA.

designed specifically for their low-income residents. After more than doubling from fiscal year 1987 to fiscal year 1995, combined expenditures for these food stamp and nutrition-assistance programs have decreased in each of the last 3 fiscal years.

The Food Stamp Program

The Food Stamp Program is the largest of the food-assistance programs, accounting for 56 percent of all food-assistance expenditures in fiscal year 1998. Expenditures for the program totaled \$18.8 billion, a

decrease of 12 percent from fiscal year 1997 (table 1). This decrease was largely the result of a decline in program participation. An average of 19.8 million people per month received food stamps in fiscal year 1998—almost 3.1 million people, or 13 percent, fewer than in the previous fiscal year.

This decline in participation is attributed, in part, to the continuing strong economy. Since reaching its historic peak in fiscal year 1994, food stamp participation has declined in each of the last 4 years (fig. 2). Changes in the Food Stamp Program brought about by recent

welfare reform legislation have also contributed to the decline in participation. Stricter work and citizenship rules for eligibility resulting from the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 became effective in fiscal year 1997 (see "Welfare Reform Affects USDA's Food-Assistance Programs" in the January-April 1998 issue of *FoodReview* for more information).

Benefits paid to recipients accounted for 90 percent of the total cost of the Food Stamp Program to the Federal Government (the remainder is attributed to adminis-

Table 1
Food-Assistance Program Outlays Decrease in Fiscal 1998

Food-assistance program	1998 program costs	1997 program costs	Change in costs, 1997-98
	Million dollars		Percent
Food stamp-related programs ¹	20,054.7	22,669.6	-11.5
Food Stamp Program	18,840.3	21,485.2	-12.3
Nutrition-assistance programs	1,214.4	1,184.4	2.5
Child nutrition programs ²	9,023.2	8,728.1	3.4
National School Lunch	5,806.9	5,553.8	4.6
School Breakfast	1,264.1	1,214.2	4.1
Child and Adult Care Food ¹	1,553.4	1,570.9	-1.1
Summer Food Service ¹	264.0	243.7	8.3
Special Milk	16.7	17.4	-4.0
Supplemental food programs	3,934.9	3,943.6	-.2
WIC ^{1, 3, 4}	3,841.7	3,844.4	-.1
CSFP ^{1, 5}	93.3	99.2	-5.9
Food donation programs	452.9	415.8	8.9
Food Distribution on Indian Reservations ¹	70.5	71.3	-1.1
Nutrition Program for the Elderly	140.7	145.2	-3.1
Disaster Feeding	.3	1.1	-72.7
TEFAP ⁶	232.2	191.9	21.0
Charitable Institutions and Summer Camps	9.2	6.3	46.0
All programs ⁷	33,567.5	35,864.0	-6.4

Notes: ¹Includes administrative costs. ²Total includes the Federal share of State administrative costs, which were \$118.2 million in fiscal 1998 and \$128.1 million in fiscal 1997. ³Refers to the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC). ⁴Expenditure data for fiscal 1998 do not include the costs associated with the WIC Farmers' Market Nutrition program. ⁵Refers to the Commodity Supplemental Food Program. ⁶Refers to The Emergency Food Assistance Program. ⁷Total includes Federal administration expenses of \$101.7 million in fiscal 1998 and \$106.9 million in fiscal 1997. Source: USDA, Food and Nutrition Service, Keydata September 1998 (revised). Data subject to change with later reporting.

trative costs and other costs such as printing and processing stamps, studies and surveys, and computer support systems). The average monthly food stamp benefit was \$71.09 per person and about \$171.60 per household in fiscal year 1998.

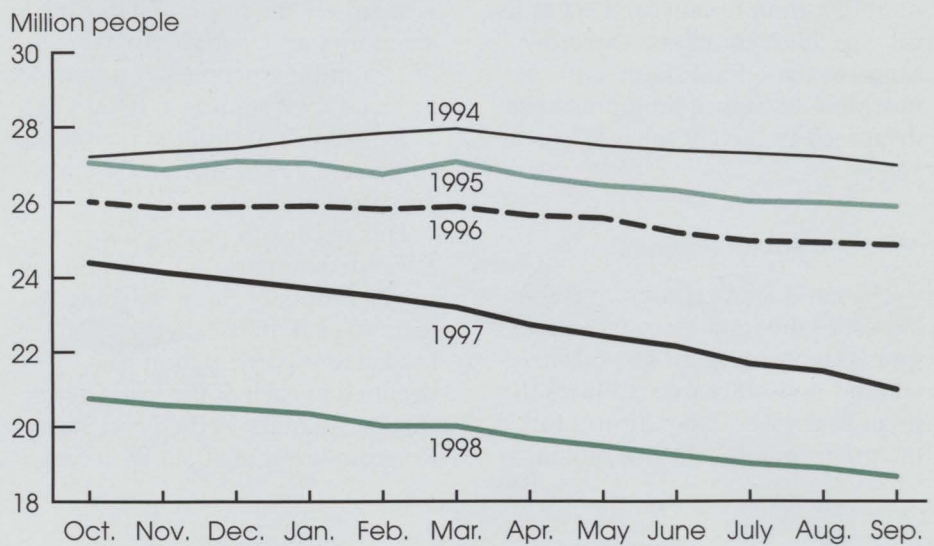
Nutrition-Assistance Block-Grant Programs

Nutrition assistance in the form of block grants is provided to Puerto Rico, American Samoa, and the Commonwealth of the Northern Mariana Islands, where Food Stamp Program standards and criteria are not suitable. Unlike funding for 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 these nutrition-assistance grant programs is limited to an annual amount specified by law. USDA's funding for the Puerto Rico program increased by 3 percent to \$1.2 billion in fiscal year 1998. Funding for American Samoa totaled \$5.3 million in fiscal year 1998 while funding for the Commonwealth of the Northern Mariana Islands totaled \$5.1 million, both of which were the same as in fiscal year 1997 and fiscal year 1996.

Outlays for Child Nutrition Programs Continued To Grow

The Child Nutrition Programs—the National School Lunch, School Breakfast, Child and Adult Care Food, Summer Food Service, and Special Milk Programs—assist State and local governments in providing nutritious meals to children in public and nonprofit schools, child care institutions, summer recreation programs, and certain adult day care centers. USDA provides cash reimbursements for all meals served

Figure 2
Food Stamp Participation Continued To Decline in Fiscal 1998



under these programs; the largest subsidies are provided to children from low-income families. USDA also provides foods to these programs. Combined expenditures for these programs increased by 3 percent to \$9.0 billion in fiscal year 1998, a continuation of a steady annual increase since the mid-1980's.

The National School Lunch Program

The National School Lunch Program is the second-largest food-assistance program, accounting for 17 percent of all USDA food-assistance expenditures. Participation in the program was widespread; about 26.6 million children in almost 96,600 schools and residential child-care institutions participated in the National School Lunch Program each school day in fiscal year 1998. The program was available in about 99 percent of all public schools and in many private schools. Fifty-eight percent of the children in the schools and institutions offering school lunch participated in the program daily.

A total of 4.4 billion lunches were served under the program in fiscal

year 1998 (about the same as during the previous fiscal year), of which almost 50 percent were free and another 8 percent were offered at reduced prices (the remaining 42 percent were full price). As a result of increased meal costs, Federal outlays for the program increased almost 5 percent to \$5.8 billion in fiscal 1998.

School Breakfast Program

Expenditures for the School Breakfast Program totaled \$1.3 billion in fiscal year 1998, or 4 percent more than the previous year. Over 1.2 billion breakfasts were served to children under the School Breakfast Program in fiscal year 1998, 2 percent more than in fiscal year 1997.

Although the eligibility guidelines are the same as those for the National School Lunch Program, the School Breakfast Program is much smaller, operating in fewer schools and residential institutions (about 71,100). In addition, only about 21 percent of the children in the schools and institutions offering school breakfasts participated in the program daily. The School Breakfast Program also serves a greater per-

centage of low income children—79 percent of all meals served in the program in fiscal year 1997 were free and another 7 percent were at reduced prices.

The Child and Adult Care Food Program

A total of 1.6 billion meals were served under the Child and Adult Care Food Program in fiscal year 1998. Of these meals served, 47 percent were in daycare homes, 51 percent in childcare centers, and 2 percent in adult daycare centers. Effective July 1997, provisions in the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 reduced the reimbursement rate for meals served in some daycare homes in middle- and upper-income neighborhoods. Total costs for meals served in daycare homes decreased by about 11 percent in fiscal year 1998, while the cost of meals served in childcare centers and adult daycare centers increased by 9 and 12 percent respectively. Total expenditures for the Child and Adult Care Food Program fell by 1 percent to almost \$1.6 billion in fiscal year 1998.

Summer Food Service Program

Over 136 million meals and snacks were served to children during school vacations (mostly during summer) under the Summer Food Service Program in fiscal year 1998, about 6 percent more than the previous year. All meals under the program are served free. During the peak month of July, an average of 2.3 million children in almost 29,900 sites participated in the program daily. Costs of the program totaled \$264 million in fiscal year 1998, or 8 percent more than in the previous fiscal year, reflecting the increase in the number of meals served.

Special Milk Program

USDA expenditures for the Special Milk Program totaled \$16.7 million in fiscal year 1998, or 4 percent less than the previous fiscal year. This reduction in costs was due to a reduction in the quantity of milk served, from 141 million half pints in fiscal year 1997 to 131 million half pints of milk in fiscal year 1998. The decrease in program participation is due in large part to the continuing expansion of the National School Lunch and School Breakfast Programs, which include milk with their meals. Free milk accounted for almost 6 percent of all half pints served in the program in fiscal year 1998.

Costs of Supplemental Food Programs Held Steady

The top priority of both the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) and the much smaller Commodity Supplemental Food Program is to provide food packages for infants, children, and pregnant, breastfeeding, and postpartum women (although the Commodity

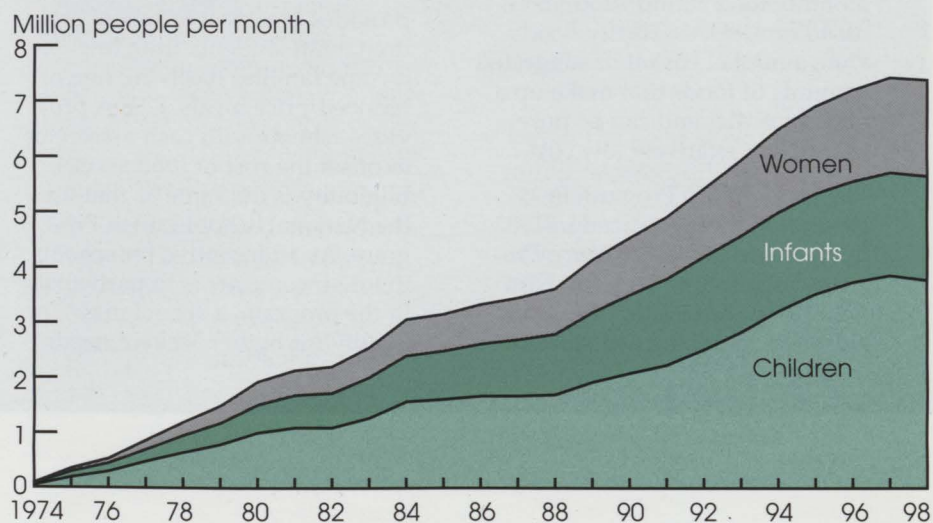
Supplemental Food Program also serves elderly persons). Expenditures for these two programs totaled \$3.9 billion in fiscal 1998, nearly the same as in the previous fiscal year. From fiscal year 1990 to fiscal year 1997, expenditures increased about 9 percent annually.

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

In terms of Federal expenditures, WIC is the third-largest food-assistance program, behind only the Food Stamp and National School Lunch Programs. Expenditures for WIC totaled \$3.8 billion in fiscal year 1998, about the same as in the previous fiscal year.

WIC served an average of 7.4 million people per month in fiscal year 1998, a slight decrease (less than 1 percent) over fiscal year 1997, the first decrease in participation since the program's origin in 1974 (fig. 3). Twenty-four percent of WIC recipients in fiscal year 1998 were women, 26 percent were infants, and 51 percent were children. After rebates, the food benefits distributed to WIC recipients cost about \$31.81 per person in fiscal year 1998.

Figure 3
Participation in WIC Dropped in Fiscal 1998



Domestic Food-Assistance Programs

About one in six Americans are estimated to have participated in at least one of USDA's food-assistance programs in a typical month in fiscal year 1998. The goals of these programs 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 farmer assistance authorities.

- As the cornerstone of USDA's food-assistance programs, the *Food Stamp Program* enables participating households to improve their diets 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). In the past, nearly all households received monthly allotments of coupons that were redeemable for food at authorized retail foodstores. However, about 58 percent of households now 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 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 schools, nonprofit private schools, and residential childcare institutions. Schools 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 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 poverty pay a full price, though their meals are still subsidized to some extent. (Effective from July 1, 1998, through June 30, 1999, a family of four would have to have income at or below \$21,385 to be eligible for free meals and at or below \$30,433 to be eligible for reduced-price meals.)
- 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 food service. 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 if preparation costs exceed the standard 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. Those located in low-income areas, or whose own households are low-income, are reimbursed at one rate (tier I), 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 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 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. States have the option to require that participants be nutritionally at risk. 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 that 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 for 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.) The amount of food donated each year depends on the amount of surplus and price support commodities available.
- 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.

Commodity Supplemental Food Program

Expenditures for the Commodity Supplemental Food Program (CSFP) totaled \$93.3 million in fiscal year 1998, about 6 percent less than the previous fiscal year. Like the WIC program, the CSFP provides supplemental foods to low-income women, infants, and children (the program's original target group). However, unlike the WIC Program, this program expanded to include the elderly (60 years of age and older), who now comprise two-thirds of the program's participants. In fiscal year 1998, an average of almost 376,900 people participated in the program each month, up 2 percent over the previous fiscal year.

Outlays for Food Donation Programs Increase

Food donation programs, the smallest of the four major food-assistance groups, consist of the Food Distribution Program on Indian Reservations, the Disaster Feeding Program, the Nutrition Program for the Elderly, The Emergency Food Assistance Program, and the Food Distribution Programs for Charitable Institutions and Summer Camps. These programs provide food assistance to needy persons and stabilize commodity prices by providing outlets for surplus foods. Although expenditures for these programs increased in recent years (including a 9-percent increase in fiscal year 1998), they remain far below the levels of the mid-1980's. At that time, USDA acquired larger stocks of surplus foods through its

commodity price-stabilization and surplus-removal activities in support of farmers. USDA distributes this food 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.

Food Distribution Program on Indian Reservations

An average of almost 124,700 American Indians per month participated in the Food Distribution Program on Indian Reservations in fiscal year 1998, a little more than during fiscal year 1997 (124,000). Costs of the program totaled \$70.5 million in fiscal year 1998, slightly less than the previous fiscal year.

Nutrition Program for the Elderly

The Nutrition Program for the Elderly is administered by the U.S. Department of Health and Human Services but receives both commodity foods and financial support from USDA. Almost 250 million meals were served under this program in fiscal year 1998, about the same as in the previous year. USDA costs for this program in fiscal year 1998 totaled \$140.7 million, 3 percent less than in the previous year.

Disaster Feeding Program

The Federal Emergency Management Agency (FEMA) administers the Disaster Feeding Program, which receives food commodities from USDA and distributes them to victims of major disasters and emergencies, such as floods, tornados,

blizzards, earthquakes, and severe winter weather. USDA expenditures for this program totaled only \$266,400 in fiscal year 1998, down from \$1.1 million in fiscal year 1997.

The Emergency Food Assistance Program (TEFAP)

Expenditures for TEFAP (which includes the Food Donation Program to Soup Kitchens and Food Banks) totaled \$232.2 million in fiscal year 1998, or 21 percent more than the previous fiscal year, due to increased Congressional appropriations for the program in fiscal year 1998.

Food Distribution Programs for Charitable Institutions and Summer Camps

Expenditures for the Food Distribution Programs for Charitable Institutions and Summer Camps, among the smallest of USDA's food-assistance programs, totaled \$9.2 million in fiscal year 1998. This spending was a 46-percent increase from the previous fiscal year.

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