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Food Assistance Expenditures Increase in 2001

Victor Oliveira

In fiscal 2001, Federal expenditures for domestic food assistance programs grew 4 percent, to \$34 billion, the first increase in annual food assistance expenditures since fiscal 1996 (fig. 1). The Food Stamp Program accounted for much of the increase in fiscal 2001 expenditures, as declining economic conditions in the United States increased the number of people receiving food stamps. However, nearly all of the individual programs comprising the Nation's food assistance system expanded to varying degrees in fiscal 2001.

USDA's Food and Nutrition Service administers an array of food assistance programs that differ by size, target population group, and type of benefits provided (see box). The goals of these programs are to provide needy persons with access to a more nutritious diet, to improve the eating habits of the Na-

tion's children, and to help America's farmers by providing an outlet for the distribution of food purchased under farmer assistance authorities. Five programs—Food Stamp Program, National School Lunch Program, Special Supplemental Nutrition Program for Women, Infants, and Children (commonly known as WIC), Child and Adult Care Food Program, and School Breakfast Program—together account for 92 percent of all Federal Government expenditures for food assistance.

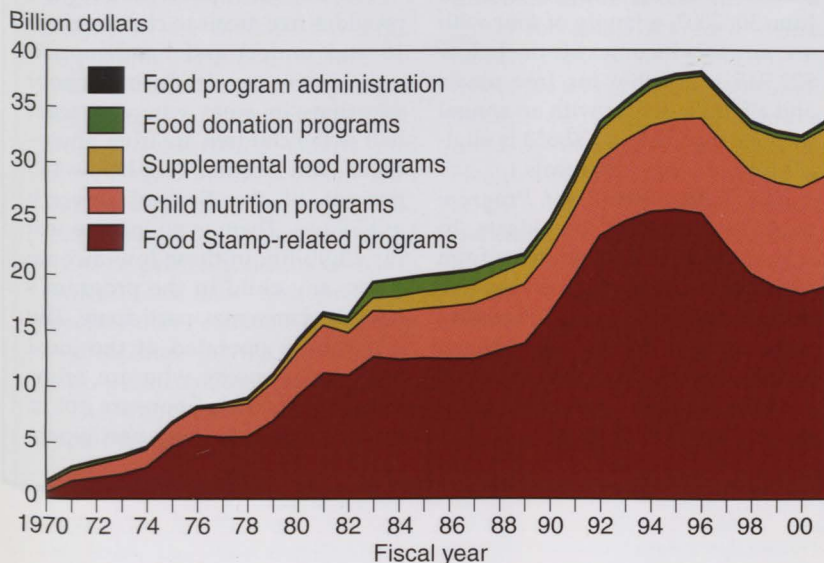
This article discusses how each of the individual programs expanded or contracted in fiscal 2001 (October 2000 through September 2001). The data cited in this article are based in part on preliminary data submitted by various reporting agencies as of November 2001 and are subject to change as reporting agencies finalize data.

Food Stamp-Related Programs

The Food Stamp Program is the Nation's principal nutrition assistance program, accounting for over half of all food assistance expenditures in fiscal 2001. Unlike the other nutrition 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. The Food Stamp Program is an entitlement program, which means that all people who meet the eligibility requirements are automatically entitled to participate in the program. Expenditures for the program increase or decrease to meet the costs of serving the number of people who apply and are eligible to receive benefits. As a result, the program adjusts quickly to changes in economic conditions, expanding to meet increased need when the economy is in recession and contracting when the economy is growing and job opportunities and wages are favorable.

An average 17.3 million people per month participated in the Food Stamp Program in fiscal 2001, about 1 percent more than the previous year but still 37 percent fewer than in fiscal 1994 when participation peaked at 27.5 million people per month (fig. 2). Fiscal 2001 marked the first increase in the number of food stamp participants in 7 years. The increase in

Figure 1—Food Assistance Expenditures Increased In Fiscal 2001



Source: USDA's Food and Nutrition Service.

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Domestic Nutrition Assistance Programs

During fiscal 2001, USDA's domestic food assistance programs served an estimated one in six Americans at some point during the year. Each food assistance program targets different populations with different nutrition needs. Some individuals and households may participate in more than one program. Together, these programs provide a nutritional safety net to people in need.

The cornerstone of USDA's nutrition assistance programs, the *Food Stamp Program*, helps low-income households buy the food they need for a nutritionally adequate diet. The program provides monthly benefits for eligible participants to purchase approved food items at approved food stores. The Food Stamp Program is available to most households (subject to certain work and immigration status 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 participating in the program received monthly allotments of coupons that were redeemable for food at authorized retail food stores. However, over 84 percent of all food stamp households now receive their benefits by an Electronic Benefits Transfer (EBT) card system (all States must convert to EBT systems by October 2002). 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 Federal Government pays for all benefits issued through the program and shares the costs of the administration of the program with the States. (Expenditures cited in this article refer to only those borne by the Federal Government.)

In lieu of the Food Stamp Program, Puerto Rico, the Commonwealth of the Northern Mariana Islands, and American Samoa receive block grant funds that allow these U.S. Territories to operate food assistance programs designed specifically for their low-income residents. 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.

The *National School Lunch Program* provides lunches to children in public schools, nonprofit private schools, and residential child care 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 Federal 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 pay a full price, though their meals are still subsidized to some extent. (Effective from July 1, 2001, through June 30, 2002, a family of four with an annual income at or below \$22,945 is eligible for free meals and a family of four with an annual income at or below \$32,653 is eligible for reduced-price meals.)

The *School Breakfast Program* provides low-cost breakfasts to school children, with students from low-income families receiving free or reduced-price meals (eligibility is the same as that for the National School Lunch Program). USDA provides schools with cash assistance to offset the cost of food serv-

ice. In return, the schools must serve breakfasts that meet Federal nutrition standards. As an incentive for schools in low-income areas to participate in the program, USDA provides schools with higher "severe needs" reimbursement rates if a specified percentage of the schools' meals are served free or at a reduced price and if meal preparation costs exceed the standard reimbursement rates.

The *Child and Adult Care Food Program* provides healthy meals and snacks to children in participating child care centers and in family and group day care homes as well as to adults in adult day care centers. In child care and adult day care centers, children and adults from low-income families are eligible for free or reduced-price meals based on the same eligibility guidelines used in the National School Lunch Program and the School Breakfast Program. Two sets of meal reimbursement rates are used for family day care homes. Those providers located in low-income areas, or whose own households are low income, are reimbursed at tier I rates, while other day care home providers are reimbursed at lower tier II rates. In tier II homes, providers serving meals to children who are identified as coming from households with incomes below 185 percent of the Federal poverty level 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 age 18 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. The program is operated at the local level by sponsors who are reimbursed by USDA. Sponsors not in low-income areas may participate

in the program if at least half of the children sponsored 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 sponsor sites may receive free meals.

The *Special Milk Program* provides funding for milk in public and nonprofit schools, child care centers, summer camps, and similar institutions that do not participate in any other federally assisted nutrition program. Participating sites provide milk either free or at low cost to all children. These sites may elect to serve free milk to children from families with incomes at or below 130 percent of the Federal poverty level.

The *Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)* provides nutritious supplemental foods, nutrition education, and health care 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 for WIC, family income must fall below 185 percent of the Federal poverty guidelines (although States can set lower income limits, none currently do). Participants can redeem WIC food vouchers at retail food stores for specific foods that are rich in the nutrients typically lacking in the diets of the target population. WIC food packages include combinations of the following foods—iron-fortified infant formula, iron-fortified infant and adult cereal, vitamin C-rich fruit and/or vegetable juice, eggs, milk, cheese, peanut butter and/or dried beans or peas. Physicians or health professionals may also prescribe special infant formulas and certain medical foods for WIC participants with specific medical conditions.

The *Commodity Supplemental Food Program* 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 the Federal poverty level, who are not served by WIC. The program also serves people age 60 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 to qualify for the program. The program provides food packages (instead of vouchers) tailored to the nutritional needs of the participants. The program operates in parts of 18 States and the District of Columbia.

The *Food Distribution Program on Indian Reservations* provides commodities to low-income households living on participating reservations and to Native American families residing in designated areas near reservations. The program provides an alternative to the Food Stamp Program for many American Indians who do not have easy access to food stores. Participants receive a monthly food package weighing about 50-75 pounds and containing a variety of foods selected to meet their health needs and preferences. Program eligibility is based on a person's household income, assets, and proximity to a reservation.

The *Nutrition Services Incentive Program* (formerly known as the Nutrition Program for the Elderly) provides cash and commodities to States for meals served in senior citizen centers or delivered by meals-on-wheels programs. Although the program is administered by the U.S. Department of Health and Human Services, it receives commodity foods and financial support from USDA. Eligibility for the program is not based on income; 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, which

is responsible for coordinating disaster relief. Under this program, USDA provides food commodities for assistance. The program provides food to people living in areas stricken by 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. Since 1989, Congress has appropriated funds to purchase additional commodities specifically for this program. USDA buys the food, processes and packages it, and ships it to the States. USDA allocates commodities and administrative funds to States based on a formula that considers the number of people below the poverty level in each State and the number unemployed. 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.) The amount of food donated each year depends on the amount of surplus and price-support commodities available.

participation, which picked up speed during the second half of the fiscal year, was attributable largely to the Nation's worsening economic conditions.

Average food stamp benefits per person increased 3 percent, from \$72.77 in fiscal 2000 to \$74.77 in 2001. Expenditures for the program totaled \$17.7 billion in fiscal 2001, or 4 percent more than the previous year (table 1). This increase was the first in food stamp expenditures since 1995.

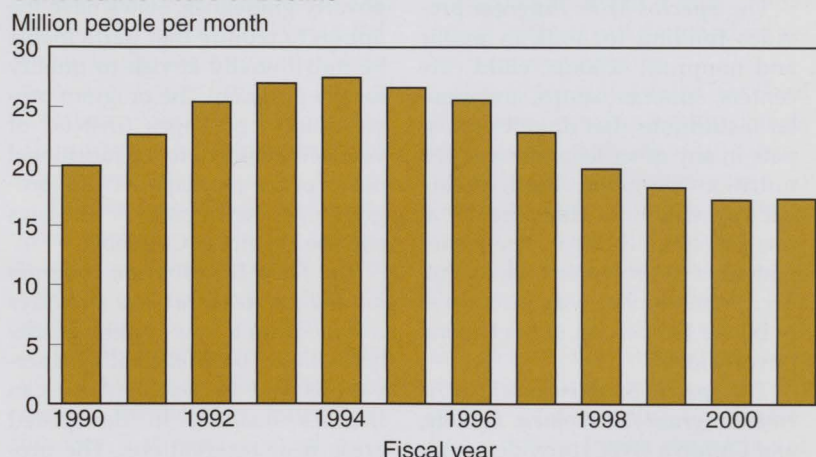
Because Food Stamp Program standards and criteria may not be suitable in outlying areas, such as U.S. Territories, USDA provides block grants to Puerto Rico, American Samoa, and the Commonwealth of the Northern Mariana Islands to operate separate nutrition assistance programs. Funding for these Nutrition Assistance Block Grant Programs is limited to an annual amount specified by law, unlike funding for the Food Stamp

Program, which can expand or contract as more or fewer people become eligible. Combined expenditures for these three block grant programs totaled \$1.3 billion in fiscal 2001, an increase of 2 percent over fiscal 2000.

Child Nutrition Programs

The National School Lunch Program is the Nation's second-largest nutrition assistance program, accounting for 19 percent of all USDA nutrition assistance expenditures in fiscal 2001. The program

Figure 2—Food Stamp Participation Increased in Fiscal 2001 After 6 Consecutive Years of Decline



Source: USDA's Food and Nutrition Service.

Table 1—Overall Food Assistance Expenditures Increased 4 Percent in Fiscal 2001

Food assistance program	Program costs		Change in costs, 2000-01
	2000	2001	
	Million dollars		Percent
Food stamp-related programs	18,335.1	19,009.5	3.7
Food Stamp Program	17,055.7	17,702.2	3.8
Nutrition assistance programs	1,279.4	1,307.3	2.2
Child nutrition programs ¹	9,509.2	9,918.6	4.3
National School Lunch Program	6,148.5	6,454.8	5.0
School Breakfast Program	1,393.4	1,442.4	3.5
Child and Adult Care Food Program	1,683.9	1,733.6	3.0
Summer Food Service Program	268.0	272.3	1.6
Special Milk Program	15.4	15.5	.4
Supplemental food programs	4,065.8	4,235.1	4.2
WIC ²	3,971.1	4,133.2	4.1
Commodity Supplemental Food Program	94.8	102.0	7.6
Food donation programs	436.4	596.8	36.8
Food Distribution on Indian Reservations	71.7	68.2	-5.0
Nutrition Services Incentive Program ³	137.1	151.5	10.5
Disaster Feeding Program	.4	.4	-6.5
TEFAP	224.9	370.0	64.5
Charitable Institutions and Summer Camps	2.2	6.9	205.8
All programs ⁴	32,622.9	34,032.6	4.3

¹Total includes the Federal share of State administrative costs, which was \$161.4 million in fiscal 2000 and \$154.2 million in fiscal 2001.

²Expenditure data for fiscal 2001 do not include the costs associated with the WIC Farmers' Market Nutrition Program.

³Formerly called the Nutrition Program for the Elderly.

⁴Total includes Federal administrative expenses of \$114.9 million in fiscal 2000 and \$118.2 million in fiscal 2001.

Source: USDA, Food and Nutrition Service, Keydata September 2001. Data subject to change with later reporting.

provided nutritious meals in over 98,000 schools and residential child care institutions in fiscal 2001. Almost 28 million children, or about 57 percent of the children attending these schools and institutions, participated in the program each schoolday.

A total of 4.6 billion lunches were served under the National School Lunch Program in fiscal 2001, slightly less than in fiscal 2000. As in fiscal 2000, about 48 percent of these meals were provided free to students and another 9 percent were provided at a reduced price. The remaining 43 percent were full-price meals, though USDA subsidizes even these full-price meals to some extent. Expenditures for the program totaled almost \$6.5 billion in fiscal 2001, or about 5 percent more than in fiscal 2000.

The School Breakfast Program is much smaller than the National School Lunch Program, serving about 7.8 million children each schoolday, or about 21 percent of the children attending one of the almost 75,000 participating schools or institutions in fiscal 2001. The program also served a larger percentage of low-income children than the National School Lunch Program—75 percent of all breakfasts served in the program were free, and another 8 percent were provided at a reduced price in fiscal 2001.

Over 1.3 billion breakfasts were served in fiscal 2001, or 2 percent more than in fiscal 2000. Unlike the National School Lunch Program, in which the number of meals served decreased in fiscal 2001, the School Breakfast Program is still expanding in terms of total meals served, although the rate of growth is far less than during the early 1990s when schools were joining the program at a faster rate (fig. 3). Expenditures for the School Breakfast Program totaled \$1.4 billion, or almost 4 percent more than in fiscal 2000.

Almost 1.7 billion meals were served under the Child and Adult Care Food Program in fiscal 2001,

of which 55 percent were in child care centers, 43 percent in day care homes, and 2 percent in adult care centers. The number of meals served under the program in fiscal 2001 increased 11 percent in adult care centers and 2 percent in child care centers. The number of meals served in day care homes declined 3 percent, continuing a downward trend since welfare reform legislation in 1996 reduced the reimbursement rate structure for homes not located in low-income areas or operated by low-income providers. Program costs totaled about \$1.7 billion in fiscal 2001, or 3 percent more than in fiscal 2000.

In fiscal 2001, almost 133 million meals were served in the Summer Food Service Program, or about the same number as in fiscal 2000. During the peak month of July, an average of 2.1 million children at over 31,000 sites across the country participated in the program daily. All meals under this program are served free. Program costs totaled almost \$272 million in fiscal 2001, or about 2 percent more than in fiscal 2000.

Expenditures for the Special Milk Program totaled \$15.5 million in fiscal 2001, or about the same as in fiscal 2000. However, the number of half pints of milk served under this program in fiscal 2001 totaled 116 million, or 3 percent less than in the previous fiscal year. The number of half pints served in the program has decreased in each of the past 13 years. Schools continue to leave the Special Milk Program as they participate in the National School Lunch Program and the School Breakfast Program, which include milk with their meals.

Supplemental Food Programs

The Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) is the third-largest nutrition assistance program in terms of expenditures, trailing only the Food Stamp Program and the National School Lunch Program. After 3 years of relatively stable levels, expendi-



The National School Lunch Program serves nutritious meals in over 98,000 schools and child care institutions. About 28 million children take part in the program each schoolday.

Credit: USDA.

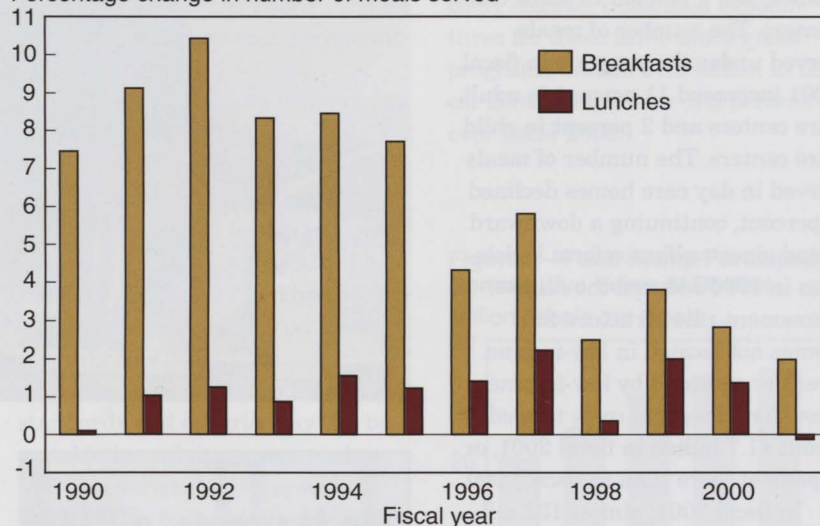
tures for WIC increased 4 percent in fiscal 2001 to \$4.1 billion.

An average of 7.3 million people per month participated in WIC in fiscal 2001, of whom 49 percent were children, 26 percent were infants, and 24 percent were women. After decreasing slightly in each of the last 3 fiscal years, the number of participants in the program increased almost 2 percent in fiscal 2001. The average monthly WIC food cost per person in fiscal 2001 was \$34.20, or 4 percent greater than in fiscal 2000.

Like the much larger WIC program, the Commodity Supplemental Food Program provides supplemental foods to low-income women, infants, and children. Unlike WIC, however, the Commodity Supplemental Food Program also serves elderly persons (age 60 and older). Over the last decade, participation

Figure 3—Increases in School Breakfasts Served Slowed Down After Fiscal 1992

Percentage change in number of meals served



Source: USDA's Food and Nutrition Service.

in the program has been shifting to the elderly. About 407,000 persons per month participated in the program in fiscal 2001, or about 5 percent more than during fiscal 2000. The number of elderly participants increased 10 percent in fiscal 2001, while the number of women, infants, and children participating in the program decreased 12 percent. This participation pattern continues the trend of eligible women and their children joining WIC rather than the Commodity Supplemental Food Program. Elderly persons accounted for 79 percent of all participants in the program in fiscal 2001, compared with only 39 percent in fiscal 1990. Expenditures for the program totaled \$102 million in fiscal 2001, almost 8 percent more than in fiscal 2000.

Food Donation Programs

Although U.S. food donation programs as a group experienced the greatest percentage increase in expenditures in fiscal 2001—37 percent—they still account for only 2 percent of all expenditures for food assistance. On average, 113,000 people per month participated in the Food Distribution Program on Indian Reservations in fiscal 2001, or about 7 percent less than in fiscal 2000. This drop

marked the second straight year in which program participation decreased. Cost of the program totaled \$68 million in fiscal 2001, a decrease of 5 percent from fiscal 2000.

In November 2000, the Older Americans Act of 2000 changed the name of the Nutrition Program for the Elderly to the Nutrition Services Incentive Program. Although administered by the U.S. Department of Health and Human Services, the program receives commodity foods and cash support from USDA. In fiscal 2001, the program served 252 million meals, about the same as in fiscal 2000. The Act also made changes to the system of allocating USDA cash funds to the program. Total program costs to USDA totaled \$152 million in fiscal 2001, or 11 percent more than in fiscal 2000.

The Emergency Food Assistance Program (or TEFAP), the largest of the food donation programs, provides low-income Americans with emergency food and nutrition assistance, usually distributed via soup kitchens and food pantries. Expenditures for TEFAP totaled \$370 million in fiscal 2001, an increase of almost 65 percent from fiscal 2000. Combined expenditures for the food distribution programs

for Charitable Institutions and Summer Camps totaled almost \$7.0 million in fiscal 2001, up from \$2.2 million in fiscal 2000. The large percentage increases in expenditures in TEFAP and the programs targeting charitable institutions and summer camps was the result of large increases in the amount of USDA surplus commodities made available to States.

Expenditures for the Disaster Feeding Program totaled \$0.4 million in both fiscal 2000 and 2001.

Economic Conditions Will Determine Future Food Assistance Expenditures

Expenditures for the Food Stamp Program dominate total expenditures for Federal food assistance. However, the Food Stamp Program's share of total food assistance expenditures has decreased in recent years, from 68 percent in fiscal 1992 to 52 percent in fiscal 2001. This decrease corresponded to the strong economy: from early 1991 to early 2001, the United States enjoyed its longest period of economic expansion in its history. However, March 2001 signaled the beginning of a recessionary period, defined as a significant decline in activity spread across the economy, lasting more than a few months.

Since participation in the Food Stamp Program is inversely related to economic conditions (that is, participation increases as the economy worsens), if a recession is lengthy, it is likely to increase participation in the Food Stamp Program. In turn, an increase in participation in the Food Stamp Program would lead to an overall increase in food assistance expenditures. Other programs might be affected as well if more people sought food assistance as a result of declining incomes from lost jobs or lower wages.

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