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Food Assistance

Food assistance has been part of U.S. Government policy for more than 50 years. During that time various programs—both domestic and foreign—have attempted to improve the nutritional status of low-income people while stabilizing farm prices through the distribution of surplus foods.

Domestic food assistance began when the Needy Family Program was initiated in 1936. Since then, USDA involvement has expanded. The National School Lunch Program, begun in 1946, and the Food Stamp Program, started in 1962, are notable examples. The bulk of current food aid for foreign countries was instituted by Public Law (P.L.) 480, the Agricultural Trade Development and Assistance Act of 1954, popularly known as the Food for Peace Program. In its first year of operation, about 3.4 million metric tons of commodities were distributed to 63 countries or territories. In fiscal 1988, U.S. food aid was about double in volume and was distributed to more than 70 countries or territories.

Domestic Food Programs

USDA's food assistance programs are administered by the Food and Nutrition Service (FNS). In 1969, the year FNS was established, food assistance programs cost the Federal Government \$1.1 billion. By fiscal 1980, total Federal expenditures had risen to over \$14 billion due to the creation of new programs and expanded eligibility. Despite implementation of the Omnibus

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Budget Reconciliation Acts of 1980 and 1981, which included provisions designed to contain Federal budget outlays, total expenditures continued to increase rapidly during the early 1980's, reaching \$19.3 billion in fiscal 1983.

In fiscal 1988, USDA spent \$21.2 billion on domestic food and nutrition programs, 3.9 percent more than a year earlier (table 1). Although this is 136 percent more than the \$9.0 billion spent in 1978, total expenditures have risen only 10 percent since 1983 (from \$19.3 billion to \$21.2 billion). During the same period, the Consumer Price Index for all items climbed 18.4 percent. Overall, the increases have been slight because declining food stamp participation and significantly lower food distribution costs partially offset annual cost-of-living adjustments and significant growth in several programs, such as the Special Supplemental Food Program for Women, Infants, and Children (WIC) and the Child Care Food Program.

The Food Stamp Program

Initiated on a pilot basis in 1961 and fully operational by 1964, the Food Stamp Program helps eligible low-income households to obtain the food they need for better nutrition. Coupons, issued monthly, can be redeemed for foods at retail stores. Eligibility is determined by income and asset limits and work requirements. Income limits are determined using Federal poverty guidelines, which are revised annually. Monthly allotments are based on household size and income and are adjusted each year to reflect changes in the cost of the USDA's Thrifty Food Plan. The plan is a prescribed market basket of foods that provides a nutritious diet at low cost.

Fewer people have taken part in the Food Stamp Program during the last few years. An average of 18.7 million people participated in the program each month

Table 1. In Fiscal 1988, USDA Spent \$21.2 Billion on Domestic Food and Nutrition Programs

Fiscal year	Federal costs				
	Food stamps ¹	Food distribution ²	WIC ³	Child nutrition ⁴	Total ⁵
<i>Million dollars</i>					
1978	5,519.7	95.7	379.6	2,939.6	9,005.1
1979	6,939.8	150.0	525.4	3,468.7	11,157.9
1980	9,206.5	194.4	727.7	4,033.9	14,242.9
1981	11,225.2	236.9	871.6	4,221.3	16,636.0
1982	11,043.8	467.2	948.8	3,733.2	16,275.3
1983	12,675.7	1,356.9	1,126.0	4,061.9	19,302.9
1984	12,407.5	1,489.8	1,388.1	4,265.9	19,634.2
1985	12,531.9	1,439.2	1,489.3	4,391.0	19,935.9
1986	12,462.1	1,380.9	1,582.9	4,625.5	20,129.9
1987	12,461.4	1,312.9	1,679.6	4,883.3	20,421.4
1988 ⁶	13,223.5	1,059.7	1,801.1	5,040.8	21,211.1

¹Includes benefits, State administrative and other costs, and Nutrition Assistance to Puerto Rico and the Northern Marianas (fiscal 1982-87). Excludes transfers. ²Includes all costs of the Needy Family Program (food distribution to Indian Reservations), the Nutrition Program for the Elderly, the Commodity Supplemental Food Program, the Temporary Emergency Food Assistance Program, and commodities for charitable institutions. Excludes commodities for child nutrition programs. ³Includes program evaluation funds for fiscal 1980 onward and bonus commodities for fiscal 1982-85. ⁴Includes school programs, Child Care Food Program, Summer Food Service Program, child nutrition State administrative expenses, Nutrition Education and Training Program, nutrition studies, and Food Service Equipment Assistance Program (through fiscal 1981). ⁵Includes program administration funds. ⁶Preliminary.

Source: FNS Program Information Division.
Contact: Masao Matsumoto (202) 786-1864.

in fiscal 1988, down 0.4 million from 1987 (*table 2*). Participation has dropped each year since its peak in 1983, for a total of 2.9 million fewer people. The drop is largely due to improved economic conditions, particularly in the labor picture. Unemployment was 5.6 percent in fiscal 1988, compared with 6.4 percent in 1987 and 10.1 percent in 1983.

The Federal Government spent \$12.3 billion on this program in fiscal 1988 compared with \$11.6 billion in 1987. Average benefits per person increased nearly \$4.00 from \$45.78 to \$49.77 during the same period.

Child Nutrition Programs

The five child nutrition programs that USDA operates in cooperation with State and local governments provide meals and snacks to pre-school and school-age children. They are the National School Lunch Program, the School Breakfast Program, the Child Care Food Program, the Summer Food Service Program, and the Special Milk Program.

The Federal Government spent \$5.0 billion for these programs in fiscal 1988, a 3.2-percent gain over the \$4.9 billion spent in 1987. More stringent regulations implemented in 1982 resulted in a

Table 2. Food Stamp Participation Peaked in 1983¹

Fiscal year	Average monthly participation	Monthly benefits per person	Total Federal cost ²
		Millions	Dollars
1978	14.4	25.73	4,802.2
1979	15.9	30.04	6,165.7
1980	19.2	34.23	8,352.1
1981	20.6	39.40	10,317.6
1982	20.4	39.05	10,145.2
1983	21.6	42.98	11,847.1
1984	20.9	42.74	11,578.8
1985	19.9	44.99	11,703.2
1986	19.4	45.49	11,638.4
1987	19.1	45.78	11,605.1
1988 ³	18.7	49.77	12,340.6

¹Excludes Puerto Rico, which participated in the Food Stamp Program from fiscal 1975 to June 1982. Its own Nutrition Assistance Program began in July 1982. ²Includes benefit costs, State administrative and other program expenses.

³Preliminary.

Source: FNS Program Information Division.
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11.6-percent decline in program costs from fiscal 1981 to 1982. However since 1982, costs have risen 35 percent because of inflation, program growth, and increased distribution of federally held surplus commodities.

Participation in the National School Lunch Program fell from a peak of 27.0 million in 1979 to 22.9 million in 1982 due to declining school enrollment and more stringent eligibility criteria implemented in 1981 and 1982. Participation has risen gradually since 1982 and stood at 24.2 million in fiscal 1988, 1.1 percent higher than in 1987 (*table 3*). Between

Table 3. Participation in the National School Lunch Program Has Gradually Increased Since 1982

Item	Fiscal year					
	1978	1980	1982	1984	1986	1988 ¹
<i>Thousands</i>						
Number of schools	93.8	94.1	91.2	89.2	89.9	90.6
<i>Millions</i>						
Participation²	26.7	26.6	22.9	23.4	23.7	24.2
Free	10.3	10.0	9.8	10.3	10.0	9.8
Reduced	1.5	1.9	1.6	1.5	1.6	1.6
Paid	14.9	14.7	11.5	11.5	12.2	12.8
Meals served	4,294.1	4,387.0	3,755.0	3,826.2	3,942.5	4,033.6
Free	1,659.3	1,671.4	1,621.6	1,701.7	1,678.0	1,652.9
Reduced	248.7	308.0	261.7	248.0	257.0	262.6
Paid	2,386.1	2,407.6	1,871.7	1,876.5	2,007.5	2,118.1

¹Preliminary. ²Nine-month average.Source: FNS Program Information Division.
Contact: Masao Matsumoto (202) 786-1864.**Table 4. The Child Care Food Program Has Grown Rapidly**

Item	Fiscal year					
	1978	1980	1982	1984	1986	1988 ¹
<i>Thousands</i>						
Number of sites	25.0	45.3	70.5	88.0	101.2	124.8
Average participation	528.0	663.0	830.0	982.0	1,102.0	1,251.0
<i>Millions</i>						
Meals served						
Day-care homes	32.2	84.2	153.6	217.3	277.1	355.6
Child-care centers	307.1	346.8	339.1	373.2	401.2	432.1
Free and reduced-price meals as a percent of total meals	81.8	82.6	85.5	84.0	83.6	83.2
<i>Million dollars</i>						
Federal costs	152.4	236.4	324.4	406.7	496.2	617.9
Meals	134.1	206.6	290.1	347.7	427.3	535.5
Commodities	15.4	23.8	23.5	29.9	30.5	34.9

¹Preliminary.Source: FNS Program Information Division.
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1987 and 1988, the percent of total meals served free or at reduced prices declined from 48.6 to 47.5, following the trend of the last few years, another indication of the improved status of the U.S. economy.

The School Breakfast Program grew steadily from its inception in 1968 to 1981, when average participation peaked at 3.8 million children daily. Although participation fell to 3.3 million in 1982, the succeeding years of modest growth have raised participation to 3.7 million children.

Between 1982 and 1987, expenditures for the Special Milk Program declined gradually from \$18.3 million to \$15.5 million in 1987. But Federal costs jumped after legislation was passed in 1987 permitting schools to offer special milk assistance to kindergartners who attend half-day sessions and do not have access to other meal service programs. Previously, these children were not eligible for assistance. Thus, 32.3 million more half pints of milk were served in fiscal 1988 compared with a year earlier. Federal costs for this program increased 23.1 percent from 1987 to \$19 million in 1988.

The Child Care Food Program was initiated in 1968 as a year-round program to provide food and assistance to low-income households. Cash and commodity assistance are provided to nonprofit child-care centers, both public and private, and day-care homes, which are generally private homes serving a small group of neighborhood children. This program has registered the sharpest growth of all child nutrition programs during the 1980's (table 4). The number of participating sites rose from 45,300 in 1980 to 124,800 in fiscal 1988. Meals served increased from 431 million to 787.7 million over the same period.

Supplemental Food Programs

The Special Supplemental Food Program for Women, Infants, and Children (WIC) is designed to improve the health and well-being of pregnant, breastfeeding, and postpartum women and of infants and children up to age 5 by providing supplemental nutrition, dietary education, and access to health services. Participants receive vouchers that can be exchanged for a monthly allotment of foods. The program was officially launched in 1974 after a 2-year pilot project.

Average monthly participation in fiscal 1988 was 3.6 million, 4.9 percent

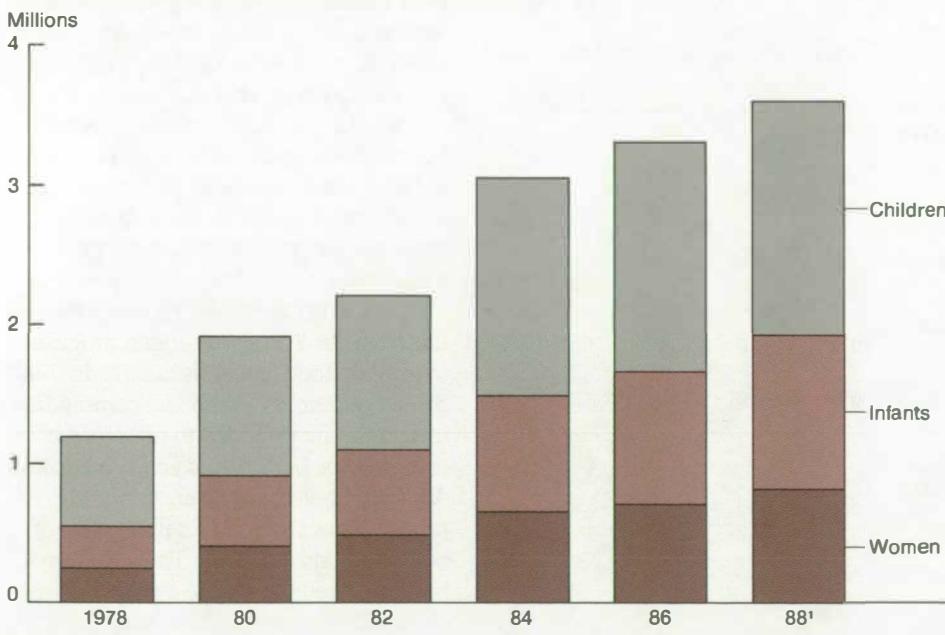
above 1987 (figure 1). Women accounted for 22.8 percent of WIC participants in 1988, infants 30.5 percent, and children 46.7 percent. While participation increased by nearly 5 percent, monthly costs per participant in 1988 averaged only 2.1 percent higher than the average in 1987. In contrast, the Consumer Price Index for food increased 3.7 percent over the same period. The small rise in food costs can be attributed, in part, to contracts negotiated by 19 State agencies for rebates from infant formula manufacturers. These States have realized significant cost savings from these rebates.

The Commodity Supplemental Food Program (CSFP), instituted in 1969, originally targeted a population similar to that of WIC with direct distribution of foods. Participants in this program now include eligible low-income elderly. Since 1982, most of the increase in CSFP participation has come from elderly persons. Program costs in fiscal 1988 were \$42.6 million, with 212,800 participants.

Domestic Food Assistance In the 1990's

For the past 20 years, two conflicting forces have shaped food assistance policy. On one hand, attempts to increase food consumption by low-income people have expanded the scope of existing programs and created new ones. During the 1970's, USDA's food assistance programs grew rapidly and Federal expenditures escalated. Since 1982, added funding for the Child Care Food Program and WIC and the initiation of the Temporary Emergency Food Assistance Program have contributed to rising food assistance costs. On the other hand, budgetary constraints have limited program growth and expenditures by controlling benefit level increases, tightening eligibility requirements, and streamlining program administration. In the early 1980's, legislative and regulatory changes were partly responsible for significant declines, particularly in the Food Stamp Program and school feeding programs. These forces will continue to affect domestic policy into the 1990's. Food assistance will remain a politically volatile issue, generating significant public debate.

Figure 1. WIC Participation Has Risen Steadily



¹Preliminary.

Source: FNS Program Information Division.
Contact Masao Matsumoto (202) 786-1864.

Overseas Food Aid

The United States provides food aid abroad through two main channels. They are the Food for Peace Program, initiated in 1954 under P.L. 480, and Section 416(b) of the Agricultural Act of 1949, as amended by the Food Security Act of 1985.

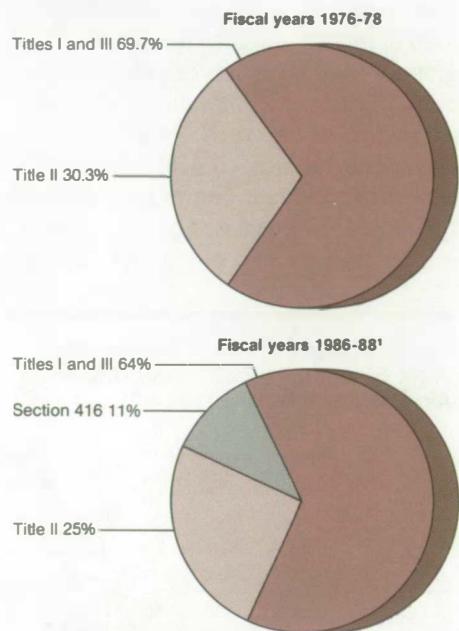
Under P.L. 480, the United States channels food to developing countries through three types of programs. Under Title I of P.L. 480, the Federal Government provides long-term, low-interest credit for the sale of U.S. agricultural commodities to designated countries. The Food Security Act of 1985 reinstated Title I sales of U.S. farm products for local currency. This is designed to generate economic growth in the recipient nation's private sector. Title II provides U.S. agricultural commodities to countries to help alleviate famine, provide disaster relief, combat malnutrition, and encourage economic and community development. These donations are distributed through either recipient governments, private voluntary organizations, or the World Food Program. Under the Food for Development Program (Title III), the United States may forgive a Title I loan if the local cur-

rency generated from Title I sales is used to finance specified development purposes. These internal self-help measures may include increasing farm production and improving storage, transportation, and distribution of farm products.

The Section 416 program, separate from, though similar to, Title II of P.L. 480, involves donation of surplus commodities owned by USDA's Commodity Credit Corporation (CCC) to countries overseas. Donations have included dairy products, wheat, flour, other grains, and soybeans. However, such shipments depend on the availability of surplus CCC stocks.

Over the years, the channels through which U.S. food aid has been distributed have changed slightly, especially since implementation of the Section 416 program (*figure 2*). In fiscal 1976-78, shipments under Titles I and III accounted for 70 percent of total U.S. food aid. In fiscal 1986-88, these shipments equaled close to 65 percent. Title II's share dropped from 30 percent to 25 in fiscal 1986-88. The declines were mainly due to the growth in Section 416 shipments, which started in fiscal 1983 and accounted for about 10 percent of total shipments during fiscal 1986-88.

Figure 2. The Channels Used to Ship U.S. Food Aid Abroad Have Changed Slightly



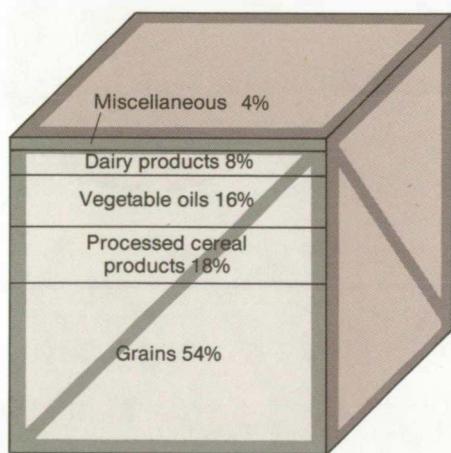
¹Preliminary.

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Commodities Provided

The United States provides a wide variety of commodities under its food aid programs, ranging from bulk, un-processed commodities to foods easily used in relief camps. In fiscal 1986-88, grains were the largest component at almost 55 percent of the value of all food aid shipments (figure 3). Much of that was wheat, but rice, corn, and sorghum were also provided. Grains were distantly followed by processed cereal products at close to 20 percent of the total. These

Figure 3. Many Types of Commodities Were Shipped Abroad Under U.S. Food Aid Programs During 1986-88¹



¹Composition by value, fiscal 1986-88 average preliminary.
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Table 5. The United States Leads Other Donor Countries in Cereal Aid Shipments

Donor	1980/81 ¹	1982/83	1984/85	1986/87	1988/89 ²
<i>Thousand metric tons, grain equivalent³</i>					
Australia	370	349	466	368	330
Canada	600	843	943	1,240	900
European Community ⁴	1,291	1,596	2,505	1,859	2,000
Japan	914	517	295	495	380
United States	5,212	5,375	7,536	7,861	5,300
Others ⁵	555	558	765	582	447
Total	8,942	9,238	12,510	12,405	9,357

¹Years run from July 1 to June 30. ²Estimated. ³Wheat, rice, and coarse grains are on a one-to-one basis. Conversion factors are used for grain products to determine grain equivalent. ⁴Aid from individual members as well as Community action. Ten member countries, prior to addition of Portugal and Spain. ⁵Includes Argentina, Finland, Norway, Sweden, and others.

Source: Food and Agriculture Organization, United Nations.
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products, which can be more readily used or consumed, included flour, bulgur wheat (cracked wheat), and dry mixtures containing such ingredients as corn meal, soy flour, and nonfat dry milk. Vegetable oils, which are used for cooking and as an ingredient in other foods, composed slightly more than 15 percent of the total value. The majority of this was soybean oil. Dairy products, chief of which was nonfat dry milk, accounted for less than 10 percent of the 1986-88 total. Miscellaneous commodities included cotton, tallow, and other products.

Food Aid In a World Context

The United States is a leader among nations providing food aid. The Food and Agriculture Organization (FAO) es-

timates that between July 1988 and June 1989, the United States will ship about 55 percent of total world cereal aid, followed by the European Community with slightly more than 20 percent, Canada with almost 10 percent, and Japan and Australia with less than 5 percent each (table 5).

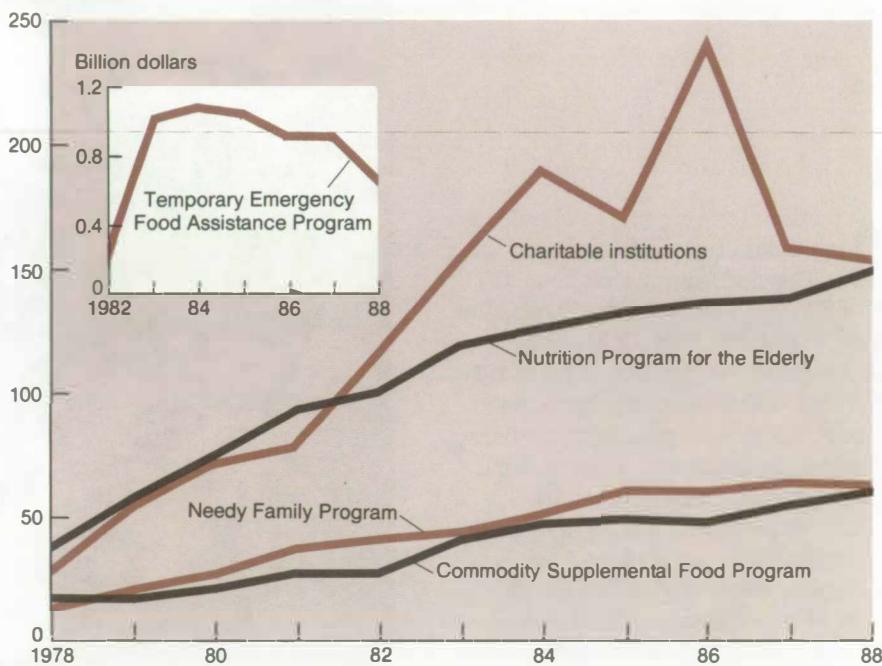
In the mid-1980's, world food aid shipments increased sharply, mostly in response to the 1984-85 African famine. However, with the advent of the 1988 drought, commodity prices rose. Donor countries are unable to buy as much with their food aid budgets. Therefore, the FAO estimates that world cereal aid shipments will be about 9.4 million tons in 1988/89, the lowest level in 6 years.

Food Assistance... At a Glance

Domestic food distribution programs have historically had dual objectives: to provide food assistance to low-income people and to stabilize farmer prices by providing outlets for surplus foods. Program costs have fluctuated, rising from \$95.7 million in 1978 to a high of \$1.49 billion in 1984, then declining to \$1.06 billion in fiscal 1988. The Temporary Emergency Food Assistance Program (TEFAP) accounted for most of the growth and fluctuations observed during the 1980's. Between 1982, when TEFAP was initiated, and 1988, the program distributed over \$5.6 billion worth of surplus Government commodities to needy persons. By fiscal 1988, Government surplus stocks were depleted and the amount of commodities distributed was cut sharply. The Hunger Prevention Act of 1988 extended TEFAP for 2 years and authorized the purchase of \$160 million worth of commodities, in addition to USDA surplus stocks.

Domestic Food Distribution Costs

Million dollars¹



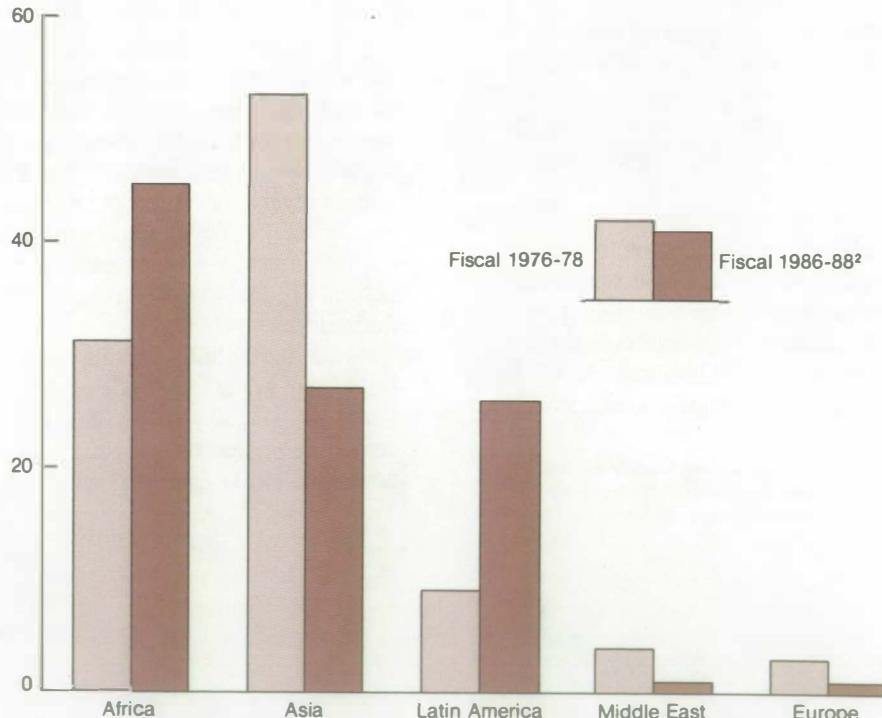
¹Fiscal years. Includes entitlement, bonus, and cash-in-lieu of commodities, and Federal share of State administrative expenses for the Needy Family Program, Commodity Supplemental Food Program, and the Temporary Emergency Food Assistance Program.

Source: FNS Program Information Division.
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Since the mid-1970's, the agricultural situation in developing countries has changed. In general, food production per capita has worsened in Africa compared with other regions, especially Asia. These changes have resulted in shifts in the distribution of U.S. food aid. In fiscal 1986-88, Asian countries received slightly more than one-quarter of the total, compared to 53 percent in fiscal 1976-78. African countries, on the other hand, received almost half of all U.S. food aid in fiscal 1986-88. Egypt alone accounted for more than 15 percent of the U.S. total. In fiscal 1976-78, African countries only received about 30 percent of U.S. food aid. The share shipped to Latin America grew from about 10 percent to about 25 percent, reflecting unsteady growth in per capita grain production and higher debt burdens there.

Overseas Recipients of U.S. Food Aid¹

Percent



¹By value of food aid shipped. ²Preliminary.

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