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The Food Assistance Landscape: FY 2018 Annual Report

Victor Oliveira



Over two-thirds of the U.S. Department of Agriculture's annual budget supports 15 domestic food and nutrition assistance programs, which vary by size, type of benefits provided, and target population. Together, these programs form a nutritional safety net for millions of children and low-income adults.



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The Food Assistance Landscape: FY 2018 Annual Report

Victor Oliveira

Abstract

The U.S. Department of Agriculture (USDA) administers 15 domestic food and nutrition assistance programs that together affect the lives of millions of people. Accounting for \$96.1 billion, or over two-thirds of USDA's annual budget, these programs also represent a significant Federal investment. This report uses preliminary data from USDA's Food and Nutrition Service (FNS) to examine trends in U.S. food and nutrition assistance programs through fiscal year 2018 (October 1, 2017, to September 30, 2018). It also highlights two recent Economic Research Service (ERS) reports: one that examines trends in the prevalence and severity of household food insecurity in the United States through 2017 and another that estimates the economic impacts of increased breast-feeding among participants in the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC).

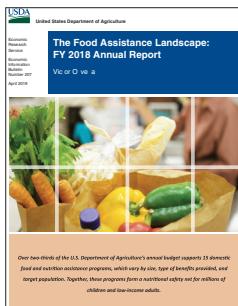
Keywords: food and nutrition assistance programs; Supplemental Nutrition Assistance Program (SNAP); Special Supplemental Nutrition Program for Women, Infants, and Children (WIC); National School Lunch Program; School Breakfast Program; Child and Adult Care Food Program; food security; economic conditions; breastfeeding

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Contents

Summary	iii
Introduction.....	1
Total Food Assistance Expenditures Continue To Decline	2
SNAP Continues To Contract	4
WIC Participation Continues To Fall	6
National School Lunch Program Participation Falls Slightly.....	7
School Breakfast Program Participation Levels Off.....	8
Number of Meals Served in the Child and Adult Care Food Program Drops for Second Straight Year	9
Prevalence of Food Insecurity Continued To Decline in 2017	10
Economic and Social Indicators Related to Participation in the Food and Nutrition Assistance Programs	12
ERS Research Update	15



The Food Assistance Landscape: FY 2018 Annual Report

Victor Oliveira

What Is the Issue?

- The U.S. Department of Agriculture (USDA) administers 15 domestic food and nutrition assistance programs that together affect the lives of millions of people. These programs also represent a significant Federal investment, accounting for over two-thirds of USDA's annual budget. This report uses preliminary data (which are subject to change as data are finalized) from USDA's Food and Nutrition Service to examine trends in food and nutrition assistance programs through fiscal year (FY) 2018. It also looks at trends in economic and social indicators that affect participation in and spending on food and nutrition assistance programs. In addition, the report highlights two recent ERS studies: one that examines the prevalence and severity of household food insecurity in the United States through 2017 and another that estimates the economic impacts of increased breast-feeding among participants in the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC).

What Did the Study Find?

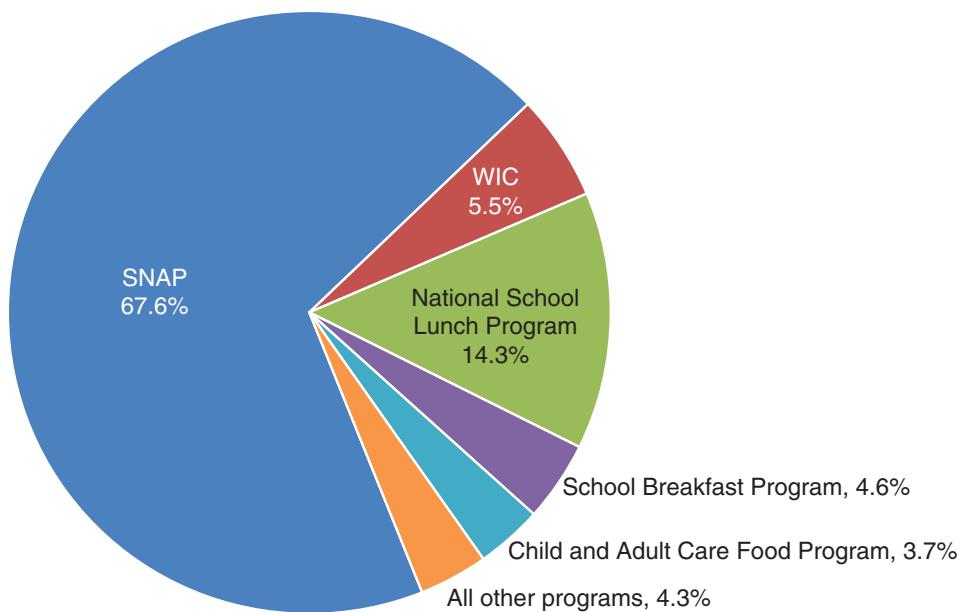
- Spending for USDA's 15 domestic food and nutrition assistance programs totaled \$96.1 billion in FY 2018, 3 percent less than in the previous fiscal year and 12 percent less than the historical high of \$109.2 billion set in FY 2013.
- The Supplemental Nutrition Assistance Program (SNAP) accounted for 68 percent of all Federal food and nutrition assistance spending in FY 2018 (see pie chart on next page). On average, 40.3 million people per month participated in the program, 4 percent fewer than in the previous fiscal year. Reflecting the decrease in participation, Federal spending for SNAP totaled \$65.0 billion, or about 5 percent less than in the previous fiscal year. This was also 19 percent less than the historical high of \$79.9 billion set in FY 2013.
- On average, 6.9 million people per month participated in WIC in FY 2018, 6 percent fewer than in the previous fiscal year. This was the largest single-year decrease in the program's history. The decrease in participation combined with a decrease in average per person food costs in FY 2018 lowered total spending on the program to \$5.3 billion, 6 percent less than in the previous fiscal year and 26 percent less than the historical high of \$7.2 billion set in FY 2011.
- On average, 29.7 million children participated in the National School Lunch Program each schoolday in FY 2018, 1 percent fewer than in the previous fiscal year and about 7

percent fewer than in FY 2011. Over two-thirds (68 percent) of participants received a free lunch and another 6 percent received a reduced-price lunch.

- An average of 14.7 million children participated in the School Breakfast Program each schoolday in FY 2018, an increase of less than 1 percent from the previous fiscal year. This was the smallest annual percentage increase since 1982. Eighty percent of participants received a free breakfast and another 5 percent received a reduced-price breakfast.
- About 2 billion meals were served in the Child and Adult Care Food Program, a decrease of almost 1 percent from the previous year. This was the second consecutive year—and only the fourth time in the program's history—that the number of meals served decreased.

USDA food and nutrition assistance expenditures by program, FY 2018

SNAP accounted for over two-thirds of food and nutrition assistance expenditures



FY = Fiscal Year. SNAP = Supplemental Nutrition Assistance Program. WIC = Special Supplemental Nutrition Program for Women, Infants, and Children.

Note: Expenditures for all food and nutrition programs totaled \$96.1 billion. They include nutrition family assistance grants to Puerto Rico, the Northern Marianas, and American Samoa; the Commodity Supplemental Food Program; the Food Distribution Program on Indian Reservations; the Nutrition Services Incentive Program; the Summer Food Program; the Special Milk Program; Disaster Feeding; The Emergency Food Assistance Program; and nutrition programs administration.

Source: USDA, Economic Research Service using data from USDA, Food and Nutrition Service.

How Was the Study Conducted?

This report uses preliminary data from USDA's Food and Nutrition Service—the agency responsible for administering the food and nutrition assistance programs—to examine program trends through FY 2018 (October 1, 2017, to September 30, 2018).

The Food Assistance Landscape: FY 2018 Annual Report

Introduction

Over the course of a year, about 1 in 4 Americans participates in at least 1 of the U.S. Department of Agriculture's (USDA) 15 domestic food and nutrition assistance programs. Together, these programs—which vary by size, type of benefits provided, and target population—form a nutritional safety net for millions of children and low-income adults. These programs represent a significant Federal investment, accounting for over two-thirds of USDA's annual budget. USDA's Economic Research Service (ERS) conducts studies and evaluations of these programs.

This report uses preliminary data (which are subject to change as data are finalized) from USDA's Food and Nutrition Service (FNS), the agency responsible for managing the programs, to examine trends in the food and nutrition assistance programs through fiscal year 2018 (October 1, 2017, to September 30, 2018). It also looks at trends in economic and social indicators that affect participation in and spending on food and nutrition assistance programs. In addition, the report highlights two recent ERS studies: one that examines the prevalence and severity of household food insecurity in the United States through 2017, and another that estimates the economic impacts of increased breastfeeding among participants in the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC).

Total Food Assistance Expenditures Continue To Decline

Federal food expenditures for USDA's domestic food and nutrition assistance programs totaled \$96.1 billion in fiscal year (FY) 2018, or 3 percent less than in the previous fiscal year (table 1). (See box "Food and Nutrition Assistance Expenditures: Nominal vs. Real.") This was the lowest amount since FY 2010 and 12 percent lower than the historical high of \$109.2 billion set in FY 2013 (fig. 1).

Table 1
USDA nutrition assistance at a glance, FY 2017 and FY 2018

Program		FY 2017	FY 2018	Percent change
SNAP	Average monthly participation (millions)	42.1	40.3	-4.3
	Average benefit per person (\$/month)	125.83	125.25	-0.5
	Total annual expenditures (\$ billions)	68.1	65.0	-4.5
WIC	Average monthly participation (millions)	7.3	6.9	-5.7
	• Women	1.7	1.6	-6.0
	• Infants	1.8	1.7	-4.2
	• Children	3.8	3.5	-6.3
	Food cost per person (\$/month)	41.24	40.83	-1.0
	Total expenditures (\$ billions)	5.6	5.3	-6.0
National School Lunch Program	Average daily participation (millions)	30.0	29.7	-0.9
	• Free	20.0	20.2	1.0
	• Reduced price	2.0	1.8	-8.8
	• Full price	8.0	7.7	-3.8
	Total expenditures (\$ billions)	13.6	13.8	0.9
School Breakfast Program	Average daily participation (millions)	14.7	14.7	0.2
	• Free	11.6	11.7	1.3
	• Reduced price	0.8	0.8	-7.8
	• Full price	2.2	2.2	-2.2
	Total expenditures (\$ billions)	4.3	4.4	2.9
	Meals served in:	2,049.1	2,035.8	-0.6
Child and Adult Care Food Program	• Childcare centers (millions)	1,485.1	1,497.9	0.9
	• Family daycare homes (millions)	485.3	459.2	-5.4
	• Adult daycare centers (millions)	78.8	78.8	0.0
	Total expenditures (\$ billions)	3.5	3.6	1.9
All programs	Total expenditures (\$ billions)	99.4	96.1	-3.2

FY = fiscal year. SNAP = Supplemental Nutrition Assistance Program. WIC = Special Supplemental Nutrition Program for Women, Infants, and Children.

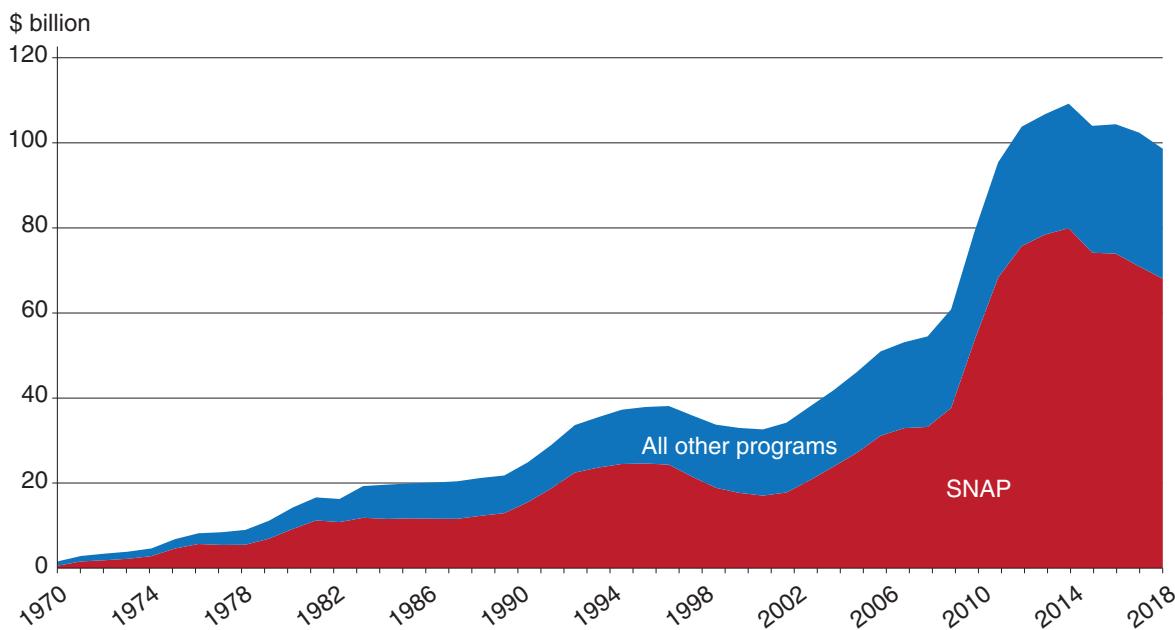
Note: Figures are based on preliminary data from the September 2018 Program Information Report (Keydata) provided by USDA, Food and Nutrition Service. The data were released in December 2018 and are subject to change. Total expenditures include figures from other programs and other costs not shown in table.

Source: USDA, Economic Research Service, using data from USDA, Food and Nutrition Service.

Figure 1

USDA expenditures for food and nutrition assistance, FY 1970-2018

Total expenditures have fallen in 4 of the last 5 years



FY = Fiscal Year. SNAP = Supplemental Nutrition Assistance Program.

Source: USDA, Economic Research Service using data from USDA, Food and Nutrition Service.

The five largest food and nutrition assistance programs in FY 2018—the Supplemental Nutrition Assistance Program (SNAP); the National School Lunch Program; the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC); the School Breakfast Program; and the Child and Adult Care Food Program—accounted for 96 percent of total USDA expenditures for domestic food and nutrition assistance. Expenditures in FY 2018 fell substantially for SNAP and WIC but increased to varying degrees for the other three programs.

Food and Nutrition Assistance Expenditures: Nominal vs. Real

All references to expenditures in this report refer to nominal (i.e., not adjusted for inflation) Federal expenditures. Because of inflation or general price changes over time, expenditures for food and nutrition assistance programs in nominal terms are not totally comparable for different years. For example, a dollar in 2000 was worth more than a dollar in 2018. Although there are exceptions, usually the change in real prices (i.e., after adjusting for inflation) from 1 year to the next is small. For example, average real prices for all items increased by 2.4 percent between 2017 and 2018. Therefore, comparing food and nutrition assistance outlays not adjusted for inflation from 1 year to the next should not affect general conclusions. However, these small annual differences accumulate and can become significant over longer periods.

SNAP Continues to Contract

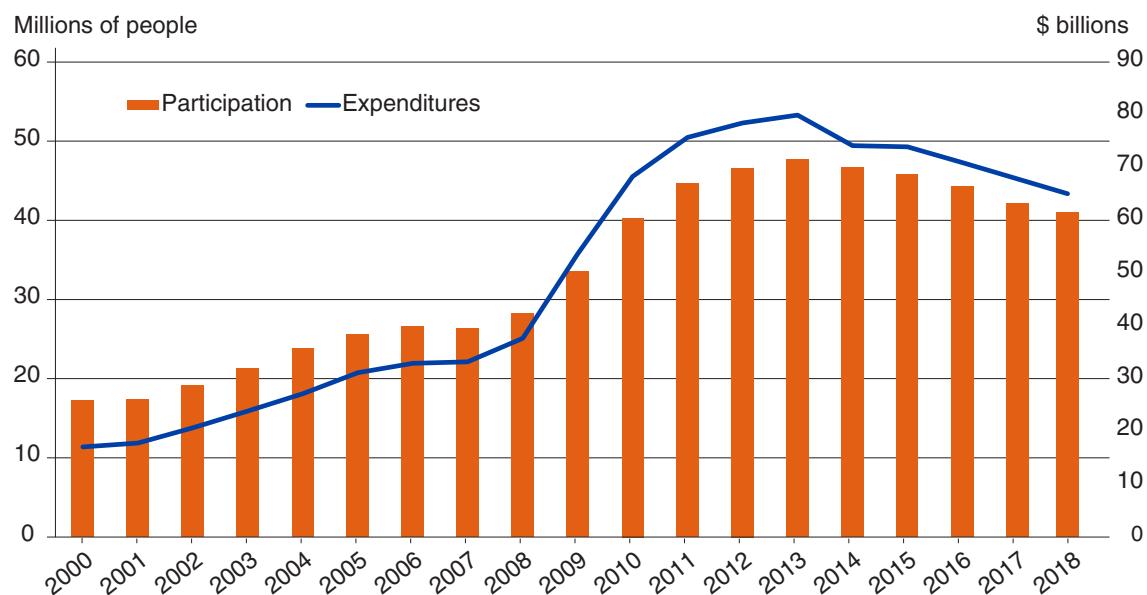
The Supplemental Nutrition Assistance Program—formerly the Food Stamp Program—is the cornerstone of USDA’s food and nutrition assistance programs, accounting for 68 percent of all Federal food and nutrition assistance spending in FY 2018. The program provides monthly benefits for participants to purchase food items at authorized retail food stores. SNAP benefits can be redeemed for most types of food but cannot be used to purchase tobacco, alcohol, hot foods, or foods intended to be eaten in the store (except by people who cannot cook for themselves). Unlike other food and nutrition assistance programs that target specific groups, SNAP is available to most needy households with limited income and assets (subject to certain work and immigration status requirements). During FY 2018:

- On average, 40.3 million people per month participated in the program, 4 percent fewer than in the previous fiscal year and 15 percent less than the historical high average of 47.6 million per month in FY 2013. (See box “Share of U.S. Resident Population Participating in SNAP.”)
- FY 2018 marked the fifth consecutive year that participation decreased after increasing in 12 of the previous 13 years (fig. 2). Fiscal year 2018’s decrease in the number of participants in large part reflects the continued improvement in economic conditions at the national level.
- Per person benefits averaged \$125.25 per month, about the same as in the previous fiscal year.
- Reflecting the decrease in participation, Federal spending for SNAP totaled \$65.0 billion, or about 5 percent less than in the previous fiscal year and 19 percent less than the historical high of \$79.9 billion set in FY 2013.

Figure 2

SNAP average monthly participation and annual program expenditures, FY 2000-18

Participation and expenditures fell in FY 2018



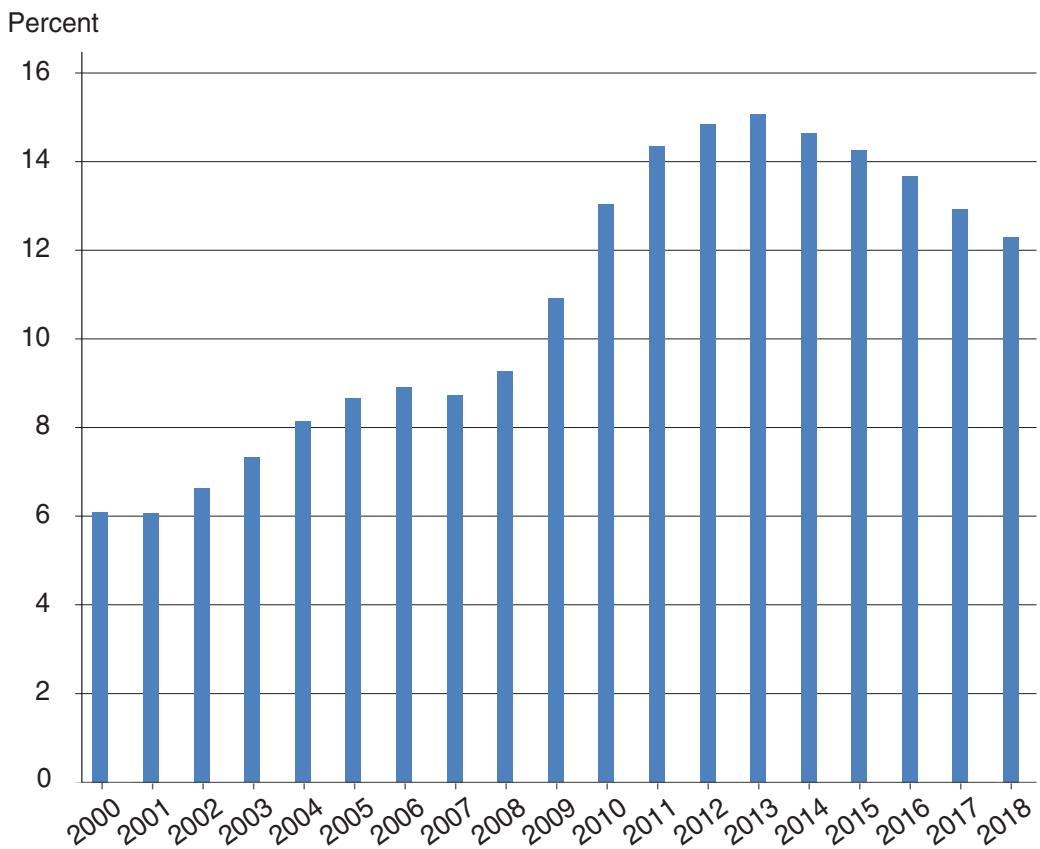
FY = Fiscal Year. SNAP = Supplemental Nutrition Assistance Program.

Source: USDA, Economic Research Service using data from USDA, Food and Nutrition Service.

Share of U.S. Resident Population Participating in SNAP

The share of the Nation's population that participates in SNAP is the ratio of the number of SNAP participants to the number of U.S. residents. While the number of SNAP participants has fluctuated since FY 2000, the number of U.S. residents has increased by less than 1 percent each year over the same period. SNAP's share of the population was between 6 and 9 percent from 2000 to 2007 and then increased more sharply as economic conditions deteriorated during and immediately after the Great Recession (which lasted from December 2007 to June 2009) before peaking in 2013 when over 15 percent of the U.S. population participated in the program each month. Since then, SNAP's share of the population has steadily fallen each year as economic conditions have improved. In 2018, 12 percent of the population participated in the program, still above pre-recession levels.

Share of resident U.S. population participating in SNAP, FY 2000-18



SNAP = Supplemental Nutrition Assistance Program. FY = Fiscal Year.

Source: USDA, Economic Research Service using data on SNAP participants from USDA, Food and Nutrition Service, and data on U.S. resident population as of July 1 from U.S. Census Bureau.

WIC Participation Continues to Fall

The Special Supplemental Nutrition Program for Women, Infants, and Children helps safeguard the health of low-income pregnant, breastfeeding, and postpartum women as well as infants and children up to age 5 who are at nutritional risk by providing supplemental foods, nutrition education, and health care referrals at no cost to participants. The foods are designed to supplement the energy and nutritional needs of the target population. To be eligible on the basis of income, applicants' income must be at or below 185 percent of the Federal poverty guidelines. A person who participates or who has certain family members who participate in other benefits programs such as SNAP, Medicaid, or Temporary Assistance for Needy Families (TANF) automatically meets the WIC income eligibility requirement. During FY 2018:

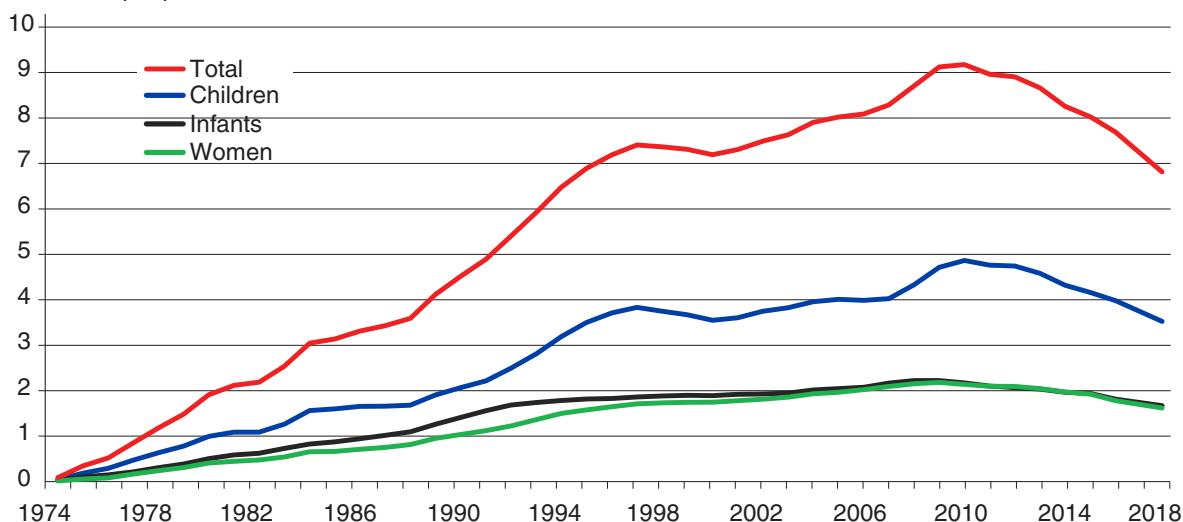
- On average, 6.9 million people per month participated in the program, 6 percent fewer than in the previous fiscal year (fig. 3). This was the largest single-year decrease in the program's history.
- Children made up about half (51 percent) of all participants, while infants constituted 25 percent and women constituted about 24 percent.
- The number of women, infants, and children participating in WIC each fell by 4-6 percent from the previous fiscal year. This marked the eighth consecutive fiscal year—and the eighth year in the program's history—that participation for all three groups fell.
- Food costs per person averaged \$40.83 per month, or about 1 percent less than in the previous fiscal year.
- The decrease in participation, combined with the decrease in the average per person food costs, lowered total spending on the program to \$5.3 billion, 6 percent less than in the previous fiscal year and 26 percent less than the historical high of \$7.2 billion set in FY 2011.

Figure 3

Average monthly WIC participation, FY 1974-2018

Participation for all three participant groups fell for the eighth consecutive year in FY 2018

Millions of people



FY = Fiscal Year. WIC = Special Supplemental Nutrition Program for Women, Infants, and Children.

Source: USDA, Economic Research Service using data from USDA, Food and Nutrition Service.

National School Lunch Program Participation Falls Slightly

The National School Lunch Program provides nutritious lunches at low or no cost to students at school and snacks to children participating in after-school care programs. Schools that participate in the program receive Federal subsidies for reimbursable meals served and some commodities from USDA. In return, schools must serve lunches that meet Federal nutrition requirements and offer free or reduced-price lunches to children from low-income families. Any child at a participating school may participate in the program. Children from families with incomes at or below 130 percent of the Federal poverty guidelines are eligible for free meals, and those from families with incomes between 130 percent and 185 percent of the poverty guidelines are eligible for reduced-price meals. Children from families with incomes over 185 percent of the poverty guidelines pay full price, although their meals are still subsidized to a small extent. Participating districts receive higher reimbursements when 60 percent or more of their lunches served during the second preceding school year were served free or at a reduced price. During FY 2018:

- On average, 29.7 million children participated in the National School Lunch Program each schoolday, 1 percent fewer than in the previous fiscal year. Average participation was at a 13-year low and about 7 percent lower than in FY 2011, when average daily participation peaked at 31.8 million. Participation has decreased in 6 of the last 7 years.
- Over two-thirds (68 percent) of participants received a free lunch, 6 percent received a reduced-price lunch, and 26 percent received a full-price lunch (fig. 4). The number of students receiving a free lunch increased (by 1 percent), while the number receiving a reduced-price or full-price meal decreased (by 9 percent and 4 percent, respectively).
- Spending for the program totaled \$13.8 billion, or 1 percent more than in the previous fiscal year.

School Breakfast Program Participation Levels Off

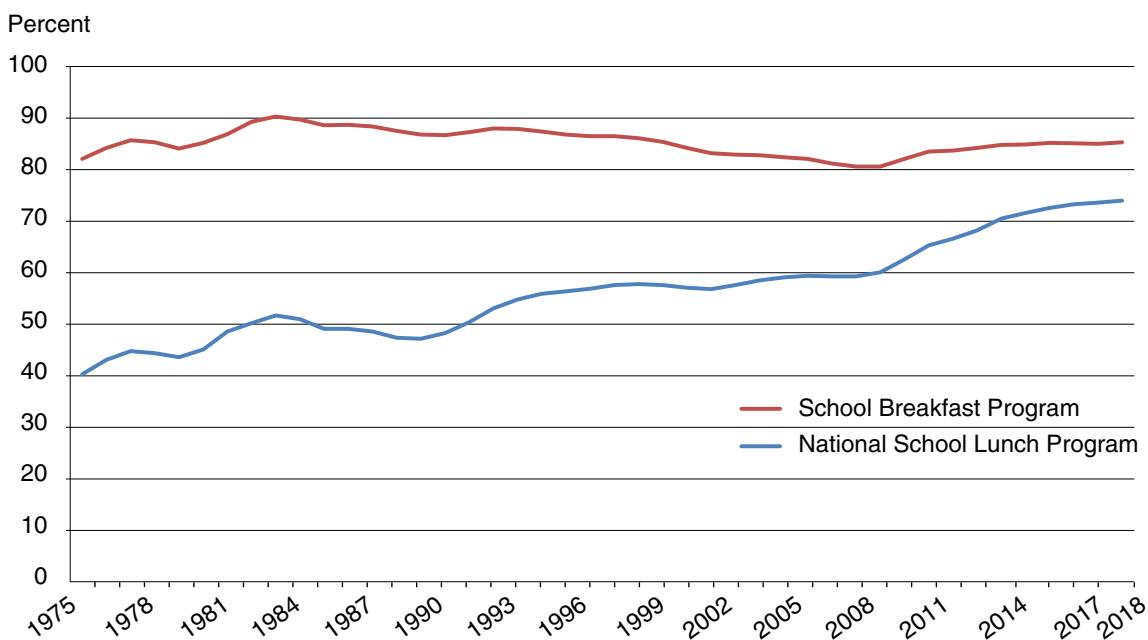
The School Breakfast Program provides federally subsidized breakfasts to schoolchildren in participating schools. Students from low-income families receive either free or reduced-price meals (eligibility requirements are the same as those for the National School Lunch Program). Schools that participate in the program receive subsidies from USDA for reimbursable meals served. Participating schools receive higher “severe need” reimbursements when 40 percent or more of their lunches were served free or at a reduced price during the second preceding school year. During FY 2018:

- An average of 14.7 million children participated in the program each schoolday (or about half the number who participated in the National School Lunch Program). This was an increase of less than 1 percent from the previous fiscal year and the smallest annual percentage increase since 1982.
- Four-fifths (80 percent) of participants received a free breakfast, 5 percent received a reduced-price breakfast, and 15 percent received a full-price breakfast (fig. 4). While the number of students receiving a free breakfast increased by 1 percent, the number receiving a reduced-price or full-price meal decreased by 8 percent and 2 percent, respectively.
- Spending totaled \$4.4 billion, about 3 percent more than in the previous year.

Figure 4

Free and reduced-price meals' share of all meals by school meal program, FY 1975-2018

The percentage of meals served free or reduced-price in the National School Lunch Program continues to increase



FY = Fiscal Year.

Source: USDA, Economic Research Service, using data from USDA, Food and Nutrition Service.

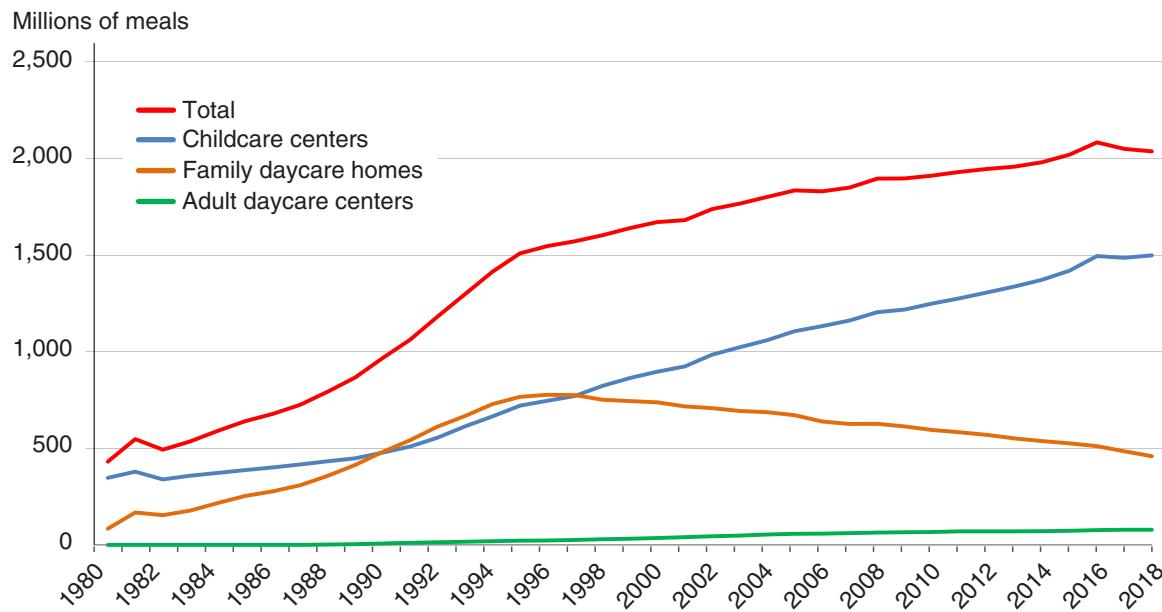
Number of Meals Served in the Child and Adult Care Food Program Drops for Second Consecutive Year

The Child and Adult Care Food Program (CACFP) subsidizes healthy meals and snacks in participating childcare centers, daycare homes, and adult daycare facilities. All participating providers must be licensed or approved according to Federal, State, or local standards. Care providers are reimbursed for each type of qualifying meal (breakfast, lunch/supper, or snack) they serve. In addition to cash reimbursement, USDA makes donated foods or cash (in lieu of donated foods) available to institutions participating in CACFP. During FY 2018:

- About 2 billion meals were served, a decrease of almost 1 percent from the previous year. This was the second consecutive year—and only the fourth time in the program's history—that the number of meals decreased (fig. 5).
- Childcare centers accounted for 74 percent of all meals served, family daycare homes 23 percent, and adult daycare centers 4 percent.
- The decrease in the number of total meals served was driven by a 5-percent decrease in meals served in family daycare homes, a continuation of a general trend that began in FY 1997. The number of meals served in childcare centers increased by 1 percent and remained about the same in adult daycare centers.
- Program expenditures totaled \$3.6 billion, an increase of 2 percent over the previous year.

Figure 5
Meals served in the CACFP by type of provider, FY 1980-2018

Number of meals served in the CACFP in FY 2018 fell for the second consecutive year



CACFP = Child and Adult Care Food Program. FY = Fiscal Year.

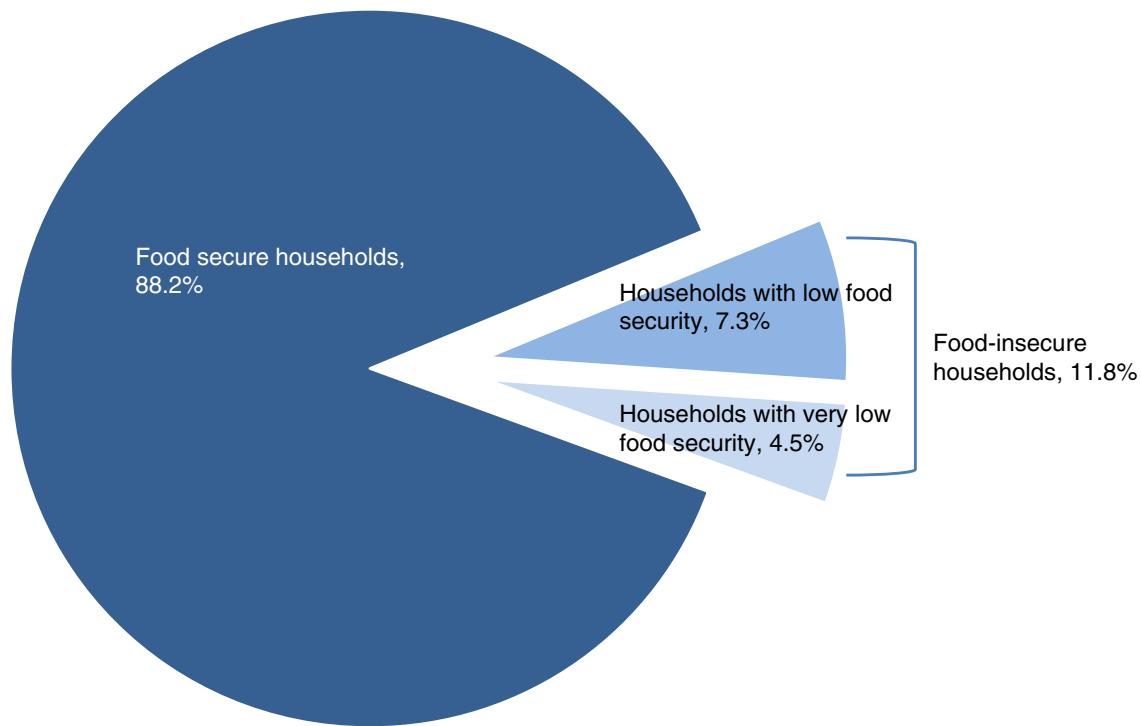
Source: USDA, Economic Research Service using data from USDA, Food and Nutrition Service

Prevalence of Food Insecurity Continued To Decline in 2017

Food security—access by all people at all times to enough food for an active, healthy life—is one of several conditions necessary for a population to be healthy and well nourished. Food-insecure households are those that, at times during the year, are unable to acquire adequate food for one or more household members because they have insufficient money or other resources. Food-insecure households are further classified as having either low food security or very low food security. In the more severe range of food insecurity—very low food security—the eating patterns of one or more household members are disrupted and their food intake reduced, at least some time during the year, because they cannot afford enough food. USDA's food and nutrition assistance programs increase food security by providing low-income households access to food, a healthful diet, and nutrition education. USDA monitors the prevalence and severity of household food insecurity in the United States through an annual nationally representative food security survey sponsored by ERS. Household food security status is based on responses to a questionnaire about food-insecure conditions experienced by household members in the prior 12 months. Results from the survey are reported in a series of annual reports. The most recent available data—covering 37,389 households—are from the December 2017 survey. During 2017:

- An estimated 11.8 percent of U.S. households (or 15.0 million households) were food insecure at least some time during the year, down from 12.3 percent in 2016 and continuing a decline from a high of 14.9 percent in 2011 (fig. 6 and table 2).
- A total of 4.5 percent of all households (5.8 million households) had very low food security, down from 4.9 percent in 2016. On average, households classified as having very low food security experienced the condition in 7 months of the year, for 1 to 7 days of the month.
- Among households with children under age 18, 15.7 percent (6 million households) were food insecure at some time during 2017 (a rate not statistically different than that in 2016). In about half of food-insecure households with children, only adults were food insecure (8.0 percent of households with children); in the rest (i.e., 7.7 percent of households with children), children were also food insecure. In 0.7 percent of households with children (250,000 households), food insecurity among children was so severe that caregivers reported that children were hungry, skipped a meal, or did not eat for a whole day at some point during the year because there was not enough money for food.
- Rates of food insecurity were higher than the national average for households with income near or below the Federal poverty guidelines, all households with children and particularly households with children headed by single women or single men, households with women and men living alone, Black- and Hispanic-headed households, and households in principal cities and nonmetropolitan areas.
- The typical food-secure household spent 23 percent more on food than the typical food-insecure household of the same size and household composition.
- About 58 percent of food-insecure households in the month prior to the survey participated in one or more of the three largest food and nutrition assistance programs—SNAP, WIC, and the National School Lunch Program (received free or reduced-price lunch).

Figure 6
U.S. households by food security status, 2017



Source: USDA, Economic Research Service, *Household Food Security in the United States in 2017*, ERR-256, September 2018.

Table 2
U.S. food security at a glance

Food-security status	2016		2017	
	Thousands	Percent	Thousands	Percent
All households				
• Food-secure households	110,850	87.7	112,254	88.2
• Food-insecure households	15,551	12.3	15,018	11.8
— With low food security	9,413	7.4	9,261	7.3
— With very low food security	6,138	4.9	5,757	4.5
All households with children				
• Food-secure households	32,058	83.5	31,975	84.3
• Food-insecure households	6,342	16.5	5,967	15.7
— With food-insecure children	3,069	8.0	2,926	7.7
— With very low food security among children	298	0.8	250	0.7

Source: USDA, Economic Research Service, *Household Food Security in the United States in 2017*, ERR-256, September 2018.

Economic and Social Indicators Related to Participation in the Food and Nutrition Assistance Programs

Economic and demographic conditions affect both participation in and spending on food assistance programs by influencing (1) the size of the eligible population, (2) the rate of participation among eligible people, and (3) benefit levels.

Because USDA's food and nutrition assistance programs are means tested, the number of people eligible to participate in the programs is inherently linked to the strength of the economy. In particular, SNAP caseloads are strongly associated with economic conditions. SNAP is one of the Nation's primary countercyclical programs, expanding during economic downturns and contracting during periods of economic growth. The number of SNAP participants generally tracks the number of unemployed people and the number of people in poverty (fig. 7). However, the improvement in economic conditions during the early stages of recovery may take longer to be felt by less educated, lower wage workers who are more likely to receive SNAP benefits, resulting in a lagged response of SNAP participation to a reduction in the unemployment rate.

Effect of Local Labor Market Conditions on SNAP Participation

The responsiveness of SNAP caseloads is typically measured by how they move with the unemployment rate, usually at the State or national level. However, measuring economic conditions for a State or larger region may not reveal the conditions facing most SNAP recipients, who are often geographically clustered in particular areas or work in specific industries. To gain a better understanding of the post-recession adjustment in SNAP caseloads, a recent ERS report delineated the local labor markets that are more relevant to SNAP recipients, focusing on one case-study State: Oregon.

Using different indicators of economic conditions and different definitions of local labor market areas, the report found evidence that improved labor market conditions were associated with an increased probability that a SNAP recipient in Oregon ended a participation spell (i.e., a continuous period of SNAP enrollment). For example, when local labor markets were delineated as commuting zones, results suggested that a 10-percent increase in local employment raised the average recipient's probability of program exit by nearly 7 percent. The report shows that when labor market conditions are measured in a more localized way than is typically done, SNAP recipients are found to be more responsive to labor market conditions.

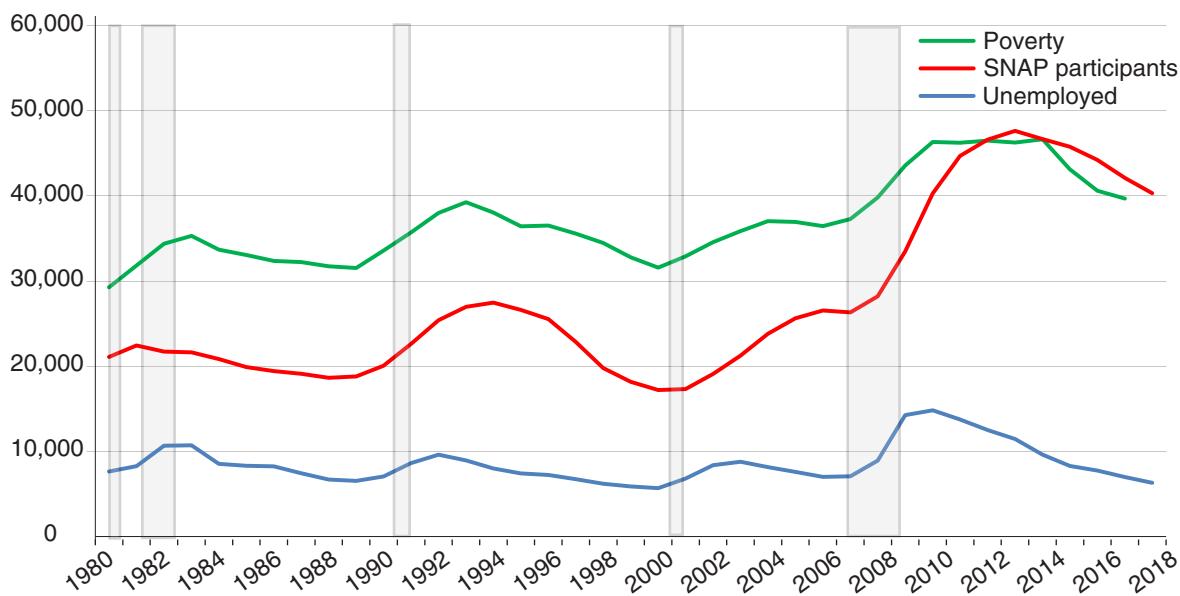
Source: USDA, Economic Research Service, *Participation in USDA's Supplemental Nutrition Assistance Program (SNAP): Effect of Local Labor Market Conditions in Oregon*, ERR-257, September 2018.

Figure 7

Number of SNAP participants, unemployed, and people in poverty, 1980-2018

Economic conditions influence SNAP participation

Millions of people



SNAP = Supplemental Nutrition Assistance Program.

Note: Gray vertical bars indicate recessions. Recessions: January 1980 to July 1980, July 1981 to November 1982, July 1990 to March 1991, March 2001 to November 2001, December 2007 to June 2009.

Source: USDA, Economic Research Service using data from USDA, Food and Nutrition Service; U.S. Department of Labor, U.S. Bureau of Labor Statistics; and U.S. Department of Commerce, U.S. Census Bureau.

In general, U.S. economic conditions have improved in recent years (table 3). For example, in 2018:

- The number of employed persons grew by 2.4 million.
- The unemployment rate fell to 3.9 percent, the eighth consecutive year of declining unemployment rates and the lowest rate since 1969.
- The average price of food as measured by the Consumer Price Index (CPI) increased by 1.4 percent. The CPI for food away from home increased by 2.6 percent while the CPI for food at home increased by 0.4 percent.

Income and poverty data from the U.S. Census Bureau indicate that in 2017 (the latest data available):

- There were 39.7 million people in poverty. This was the fewest number of people in poverty since 2007.
- The poverty rate fell to 12.3 percent, down 0.4 percentage points from 2016. This was the third consecutive annual decline in poverty. Since 2014, the poverty rate has fallen 2.5 percentage points, from 14.8 percent to 12.3 percent.
- Real median household income increased by 1.8 percent—the third consecutive annual increase in median household income.

Table 3
Selected economic and demographic indicators, 2015-2018

Indicator	2015	2016	2017	2018
Population in July (millions)	321.0	321.4	325.7	328.0
Births (1,000)	3,978.5	3,945.9	3,855.51	NA
School enrollment (1,000)	55,763 (PJ)	55,859 (PJ)	55,891 (PJ)	55,892 (PJ)
Prekindergarten-grade 8 (1,000)	39,363 (PJ)	39,432 (PJ)	39,440 (PJ)	39,446 (PJ)
Grades 9-12 (1,000)	16,400 (PJ)	16,427 (PJ)	16,451 (PJ)	16,447 (PJ)
Employed persons (1,000)	148,834	151,436	153,337	155,761
Unemployed persons (1,000)	8,296	7,751	6,982	6,314
Unemployment rate (percent)	5.3	4.9	4.4	3.9
Labor force participation rate (percent)	62.7	62.8	62.9	62.9
Persons in poverty (1,000)	43,123	40,616	39,698	NA
Poverty rate (percent)	13.5	12.7	12.3	NA
Children in poverty (1,000)	14,509	13,253	12,808	NA
Poverty rate for children (under age 18)	19.7	18.0	17.5	NA
Median household income (2016 dollars)	\$58,476	\$60,309	\$61,372	NA
CPI for all items (percent change)	0.1	1.3	2.1	2.4
CPI for food (percent change)	1.9	0.3	0.9	1.4
CPI for food at home	1.2	-1.3	-0.2	0.4
CPI for food away from home	2.9	2.6	2.3	2.6

CPI = Consumer Price Index. NA = Data not available. (PJ) = Projected.

Source: USDA, Economic Research Service using data from U.S. Census Bureau (population, poverty, and household income); National Center for Health Statistics (births); National Center for Education Statistics (school enrollment); and the Bureau of Labor Statistics (employment, unemployment, labor force participation, and CPI).

ERS Research Update

ERS research related to domestic food and nutrition assistance is conducted internally by ERS staff as well as through a portfolio of ERS-funded extramural research projects and partnerships. ERS has compiled a database of nearly 1,100 peer-reviewed reports based on this research (searchable on the ERS website by title, author, year of publication, and topic area). Among recently released ERS research reports, one examined the economic impacts of breastfeeding with a focus on WIC.

The Economic Impacts of Breastfeeding: A Focus on USDA's Special Supplemental Nutrition Program for Women, Infants, and Children (WIC), ERR-261. Breastfeeding is widely acknowledged to be the preferred method of feeding infants, conferring a number of health benefits upon both infant and mother. The American Academy of Pediatrics (AAP) and other U.S. health organizations recommend exclusive breastfeeding (i.e., no solids or liquids other than human milk) for about 6 months, followed by continued breastfeeding (as complementary foods are introduced) for another 6 months or longer. Although breastfeeding rates in the United States have increased in recent decades, they remain below medically recommended levels, especially regarding duration and exclusivity. Breastfeeding rates among participants in WIC have also increased significantly over the past 20 years but remain lower than non-participants of WIC, reducing the health benefits associated with breastfeeding (table 4).

Table 4

Rates of any and exclusive breastfeeding by WIC status among children born in 2015

	Any breastfeeding			Exclusive breastfeeding	
	Ever	At 6 months	At 12 months	Through 3 months	Through 6 months
U.S.	83.2	57.6	35.9	46.9	24.9
By WIC status:					
WIC	76.7	44.5	25.4	38.0	17.8
Not in WIC, but eligible	83.3	65.8	47.2	51.2	29.7
Ineligible for WIC	91.7	72.6	47.4	57.8	33.1

WIC= Special Supplemental Nutrition Program for Women, Infants, and Children.

Source: USDA, Economic Research Service using data from the National Immunization Survey, Centers for Disease Control Prevention.

In March 2018, the U.S. Senate Committee on Appropriations directed ERS to conduct a study on the economic benefits of breastfeeding, including its potential cost savings for WIC and Medicaid. This report addresses the congressional directive by estimating the effects that increased breastfeeding rates (up to levels recommended by AAP) in WIC would have on: (1) the number of participants in WIC; (2) costs to WIC; (3) costs to Medicaid; and (4) health-related costs that accrue to WIC households or their health insurance providers. To quantify these effects, costs based on breastfeeding rates in 2016 were compared to projected costs if breastfeeding rates in WIC hypothetically reached “medically recommended” levels, defined in this study as 90 percent of infants are exclusively breastfed for their first 6 months, followed by continued breastfeeding with the addition of complementary foods—but no infant formula—for the next 6 months. The 90-percent level took the medically recommended level of universal breastfeeding and assumed that 10 percent of mothers of infants receiving WIC benefits are unable to breastfeed.

Results from the study indicate that if breastfeeding rates in WIC in 2016 rose to medically recommended levels, the number of mothers who participated in WIC would have increased by an average 645,811 per month in 2016, an 8-percent increase in the total number of WIC participants per month. This increase is the result of breastfeeding mothers being eligible to participate for up to 12 months after giving birth—to supplement maternal diet during breastfeeding—while nonbreastfeeding mothers are only eligible to participate for 6 months postpartum.

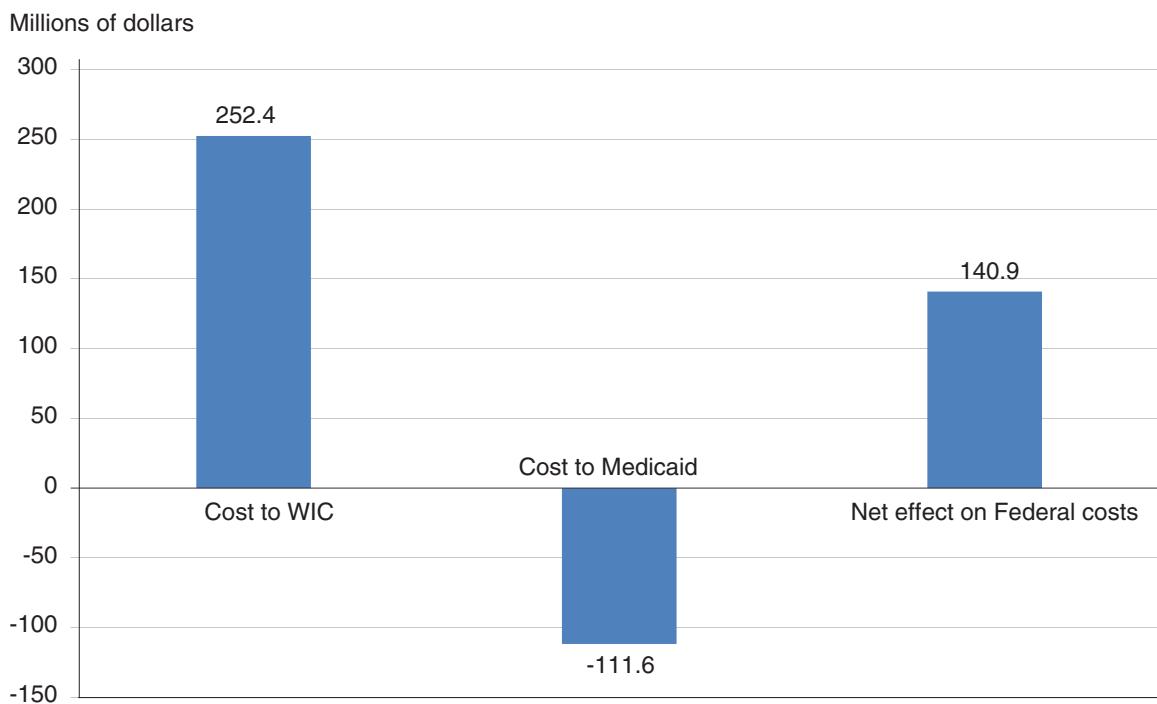
Costs to WIC would have increased by \$252.4 million, or 4.2 percent of WIC’s total cost in 2016 (fig. 8). Although total food package costs would have decreased by \$33.8 million, costs for Nutrition Services and Administration (NSA)—which include breastfeeding promotion and support activities—would have increased by \$286.2 million.

The economic impacts of increased breastfeeding rates in WIC extend beyond the program’s cost. By reducing the incidence of various diseases, increased breastfeeding among WIC participants reduces health-related costs for WIC households and/or their health insurance providers (Government or private). Findings from the study indicate that if mothers in WIC households were to increase breastfeeding rates from their 2016 levels to medically recommended levels, health-related cost savings would total about \$9.1 billion.

This total includes \$111.6 million in savings that would accrue to the Federal portion of Medicaid (States would save an additional \$64.7 million). As a result, Federal program costs to WIC and Medicaid combined would have increased by an estimated \$140.9 million. Holding other factors constant, if the hypothesized increases in breastfeeding rates were sustained for future years, these estimated values for 2016 would represent recurring costs each year. Although increased breastfeeding rates among WIC participants would result in higher Federal program costs, they could increase social welfare by improving the health and well-being of low-income mothers and infants and decreasing their medical costs.

Figure 8

Estimated effect on Federal costs if breastfeeding rates in WIC reached medically recommended levels, 2016



Note: Medically recommended breastfeeding rates assume that 90 percent of infants/mothers are fully breastfeeding (no formula) for 12 months and 10 percent are fully formula feeding.

Source: USDA, Economic Research Service, *The Economic Impacts of Breastfeeding: A Focus on USDA's Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)*, ERR-261, January 2019.