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The Food Assistance Landscape

September 2005



USDA administers 15 domestic food assistance programs that serve an estimated 1 in 5 Americans at some point during the year.

Each program targets specific populations with different nutritional needs. These programs work individually and in concert to provide a nutritional safety net for children and low-income adults. The Economic Research Service (ERS) is responsible for conducting studies and evaluations of USDA's food assistance programs, focusing on the benefits of improved diets and food choices, factors that influence diet and nutrition, and program outcomes. This report uses preliminary data from USDA's Food and Nutrition Service (FNS), the agency responsible for administering the Nation's food assistance programs, to examine trends in the programs at the midpoint of fiscal 2005. It also discusses a recent ERS report that presents findings from an evaluation of projects aimed at testing ways to increase Food Stamp Program participation among eligible elderly individuals.



**Food Assistance and
Nutrition Research Program**

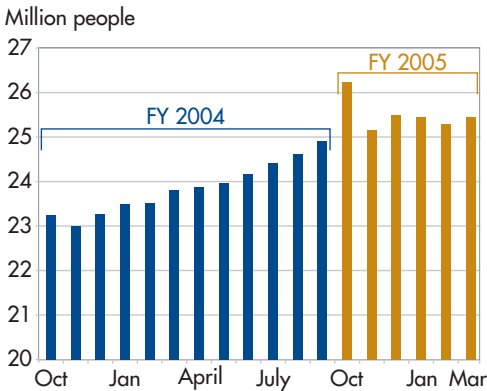


Spending on Food Assistance Continues To Increase

USDA expenditures for its 15 food assistance programs totaled \$25.9 billion during the first half of fiscal 2005 (October 2004-March 2005), an 11-percent increase over the first half of fiscal 2004. If this trend continues during the second half of fiscal 2005, expenditures for the entire fiscal year will exceed the record \$46.2 billion spent on food assistance in fiscal 2004. It would also mark the fifth consecutive year in which expenditures for food assistance increased.

Five programs—the Food Stamp Program, 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 95 percent of USDA's total expenditures for food assistance. Spending on each of these five programs grew during the first half of fiscal 2005 relative to the first half of fiscal year 2004, but most of the increase was due to the Food Stamp Program.

Monthly food stamp program participation leveled off during first half of fiscal 2005



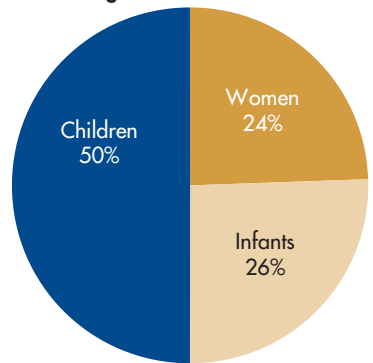
Participation in Food Stamp Program Levels Off

The Food Stamp Program (FSP) is the cornerstone of USDA's food assistance programs. By providing benefits that are redeemable at authorized retail foodstores, the program enables participants, over half of whom are children, to improve their diets by increasing their food purchasing power. The program is available to low-income households (subject to income, asset, work, and immigration status requirements). During the first half of fiscal 2005:

- The Food Stamp Program accounted for 59 percent of total USDA expenditures for food assistance.

- Spending for the Food Stamp Program totaled \$15.3 billion, almost 17 percent more than during the first half of the previous year. This growth in expenditures was due to both an increase in participation and an increase in the average per person benefit.
- Monthly participation in the program averaged 25.5 million people, or 9 percent more than the same period in the previous year. However, after several years of steady increases, food stamp participation appears to be leveling off. The number of participants increased in only 3 of the first 6 months of fiscal 2005, after increasing in 23 of the 24 months during fiscal 2003 and 2004. (Food stamp participation spiked in October 2004 due in part to the Disaster Food Stamp Program for hurricane victims in Florida.)
- Benefits per person averaged \$92.73 per month, an increase of \$7.10 (8 percent) from the first half of fiscal 2004.

Children ages 1-5 made up half of all WIC participants during first half of fiscal 2005



Participation in WIC Increases Slightly

The Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) addresses the special needs of at-risk, low-income pregnant, breastfeeding, and postpartum women, and infants and children up to age 5. The program provides a package of supplemental foods targeted to their dietary needs, nutrition education (including breastfeeding promotion and support), and health care referrals. During the first half of fiscal 2005:

- Spending for WIC totaled nearly \$2.5 billion, 4 percent more than in the first half of the previous year.



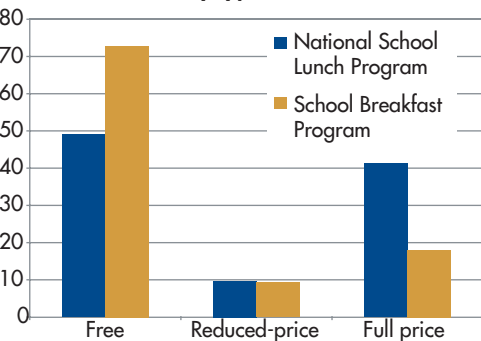
Federal nutrition assistance at a glance

Program		FY 2004		FY 2005
		Full year	1 st half	1 st half
Food Stamp Program	Average monthly participation (millions)	23.9	23.4	25.5
	Average benefit per person (dollars/month)	86.03	85.63	92.73
	Total expenditures (\$ billions)	27.2	13.1	15.3
WIC	Average monthly participation (millions)	7.9	7.8	8.0
	Total expenditures (\$ billions)	4.9	2.4	2.5
National School Lunch Program	Average daily participation (millions)	29.0	29.1	29.7
	Total expenditures (\$ billions)	7.6	4.6	4.8
School Breakfast Program	Average daily participation (millions)	8.9	8.9	9.3
	Total expenditures (\$ billions)	1.8	1.1	1.1
Child and Adult Care Food Program	Meals served in:			
	• child care centers (millions)	1,060	545	563
	• family child care homes (millions)	687	337	333
	• adult day care centers (millions)	54	26	28
	Total expenditures (\$ billions)	2.0	1.0	1.1
All programs	Total expenditures (\$ billions)	46.2	23.3	25.9

Note: The figures are based on preliminary data provided by the Food and Nutrition Service as of May 2005 and are subject to change. Total program expenditures include other programs not shown in table.

- Monthly participation in WIC averaged almost 8 million people, an increase of 2 percent over the same period in fiscal 2004. If this increase holds for the entire year, the average monthly number of participants will surpass the record 7.9 million people in fiscal 2004.
- Monthly per person food costs averaged \$37.64, an increase of \$0.63, (2 percent) over the same period in fiscal 2004.

Percentage of school meals served during first half of fiscal 2005, by type of reimbursement



National School Lunch Program Grows Modestly

The National School Lunch Program provides low-cost or free lunches to school children. Schools that participate in the program 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 full price, though their meals are still subsidized to a small extent. During the first half of fiscal 2005:

- An average 29.7 million children participated in the program each school day, about 2 percent more than during the first half of fiscal 2004.



- Spending for the program totaled \$4.8 billion, a 4-percent increase over the same period in fiscal 2004.
- 3.0 billion school lunches were served, or about 1 percent more than during the first half of fiscal 2004.
- Almost half (49 percent) of the school lunches served were provided free to students, and another 10 percent were provided at a reduced price.

School Breakfast Program Continues To Expand

The School Breakfast Program provides low-cost breakfasts to schoolchildren, with students from low-income families receiving free or reduced-price meals (eligibility is the same as that for the National School Lunch Program). During the first half of fiscal 2005:

- An average 9.3 million children participated in the program each school day, about 5 percent more than in the first half of fiscal 2004.
- Spending for the program totaled \$1.1 billion, almost 7 percent more than in the first half of fiscal 2004.
- Almost 942 million breakfasts were served, 3 percent more than in the first half of fiscal 2004.
- Almost three-quarters (73 percent) of the breakfasts were provided free to students and another 9 percent at a reduced price.
- 70 percent of all breakfasts served in the program received “severe need” reimbursements. Schools may qualify for these higher “severe need” reimbursements when a specified percentage of their lunches are served free or at a reduced price.

Child and Adult Care Food Program Grows

The Child and Adult Care Food Program helps ensure that children and adults who attend day care facilities receive nutritious meals and snacks. The care providers are reimbursed for each type of qualifying meal (breakfast, lunch/supper, or snack) they serve. During the first half of fiscal 2005:

- Spending for the program totaled \$1.1 billion, 5 percent more than in the first half of fiscal 2004.
- 923 million meals were served, an increase of 2 percent from the first half of

fiscal 2004. The number of meals served in family child care homes decreased by 1 percent, compared with the first half of fiscal 2004. The number of meals served in child care centers increased 3 percent, and the number of meals served in adult day care centers increased by 7 percent.

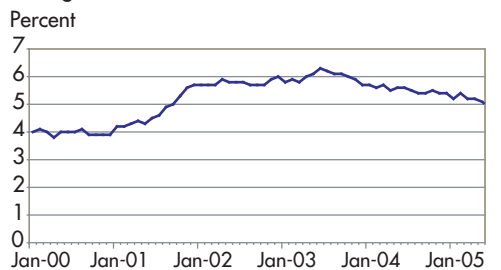
- About 61 percent of all meals served were in child care centers, 36 percent were in family child care homes, and 3 percent in adult care centers.

Economic and Social Indicators

Economic and social conditions affect participation in and expenditures on the food assistance programs through their influence on: (1) the size of the eligible population; (2) the rate of participation among eligible people; and (3) benefit levels. Historically, changes in the country’s economic conditions significantly affected participation in the Food Stamp Program. For example, the number of food stamp recipients typically rose during recessionary periods when unemployment and poverty increased, and fell during periods of growth when unemployment and poverty declined.

The seasonally adjusted unemployment rate decreased during the first 6 months of 2005, a continuation of a trend that began in the latter half of 2003. The unemployment rate in June 2005 reached 5.0 percent, the lowest rate since September 2001. Despite falling unemployment rates for the past few years, food stamp participation rates have not declined. The magnitude of the increase in Food Stamp Program caseload has led the Congressional Budget Office to conclude that the lag between declines in the unemployment rate and declines in food stamp participation is longer than previously believed. Other factors cited for the increase in Food Stamp Program participation include an increase in outreach efforts, an expansion of eligibility, simplification of the application process, and

Monthly unemployment rate continued to fall during first 6 months of 2005



Note: Seasonally adjusted.
Source: Bureau of Labor Statistics, U.S. Department of Labor.



longer stays in the program. Food stamp participation during the first half of fiscal 2005 appears to have leveled off.

Research Update— Evaluation of the USDA Elderly Nutrition Demonstrations

Policymakers have long been concerned that elderly individuals had lower participation rates in the Food Stamp Program (FSP) than other eligible groups. For example, in fiscal year 2002, the participation rate among eligible elderly individuals ages 60 and older was 27 percent, compared with 54 percent among all eligible individuals. Low participation rates for the elderly are especially troublesome because these individuals have unique nutritional needs and many suffer from medical conditions that require special diets. Moreover, low-income elderly individuals with health conditions may have to choose between buying either food or medication, a choice with negative health implications whichever choice is made. Without adequate food assistance, the nutritional needs of the low-income elderly may go unmet.

In response to these concerns, USDA recently funded the Elderly Nutrition Demonstrations—six projects aimed at testing ways to increase FSP participation among eligible elderly individuals. To evaluate alternative strategies, USDA designed three demonstration models that take different approaches to reducing costs of applying for food stamps, increasing knowledge of program availability and benefits, and reducing stigma:

- (1) The *simplified eligibility model* is designed to reduce the time and effort it takes for seniors to apply for food stamps. Under this model, applicants did not have to submit documentation of income and expenses, or go through the eligibility interview required of other FSP applicants. This model was implemented in two counties in Florida.
- (2) The *application assistance model* seeks to reduce the burden of applying for food stamps by giving seniors one-on-one aid in navigating the application process. Under this model, elderly applicants were paired with workers who helped them assemble documents needed to apply for food stamps, explained the application, and often completed the forms on their behalf. Additionally, the eligibility interview required of all FSP applicants was waived. Two counties in Arizona and one

county each in Maine and Michigan adopted this model.

- (3) The *commodity alternative benefit model* gives FSP households with elderly members the option of receiving monthly packages of commodities, instead of getting benefits through an electronic benefits transfer (EBT) card. The packages were intended in large part to reduce the possible stigma associated with receiving traditional FSP benefits. This model was adopted in one county each in Connecticut and North Carolina.

ERS funded an evaluation to assess each demonstration's ability to increase participation among the eligible elderly individuals and identify associated costs. For each demonstration, estimates of the impacts of the demonstrations were derived by comparing participation changes observed in the demonstration sites with participation patterns observed in similar comparison sites that were in the same State but did not have the demonstration. The comparison sites were selected because, prior to the demonstration, they had elderly FSP participation patterns and demographic characteristics similar to those of the demonstration county.

Most of the elderly participation rates at the demonstration sites were higher than rates in the comparison sites after 21 months. For the simplified eligibility model, the demonstration in Florida increased participation among the elderly by more than 20 percentage points in two separate demonstration counties. For the application assistance model, the demonstration in one of the two Arizona counties increased participation by almost 37 percentage points, and the demonstration in Maine increased participation by almost 31 percentage points. For the commodity alternative benefit model, the demonstration in North Carolina increased participation by almost 36 percentage points.

While most of the demonstrations showed signs of success at increasing elderly participation, three demonstrations appeared to have limited impacts. The evaluators believe that this was most likely due to factors outside the control of the demonstrations.

The cost of increasing participation among the elderly varied by demonstration type. The cost effectiveness was assessed by dividing the total costs of operating each demonstration for 21 months by its net increase in participation to compute the cost per net new FSP household with elderly. The costs of the simplified eligibility



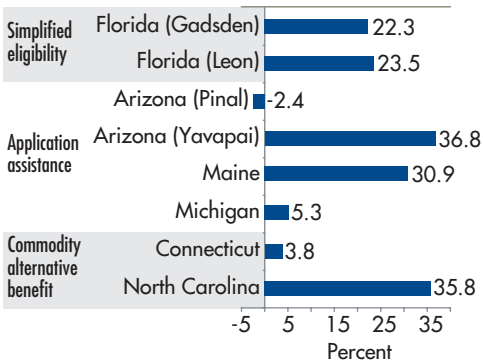
demonstration in Florida amounted to \$402 per net new household attracted to the program. Most of the costs of the Florida demonstration were the ongoing costs associated with outreach and other efforts to promote the demonstration. The other demonstrations were more labor intensive than the Florida demonstration and, as a result, had higher costs. The application assistance demonstrations in Arizona and Maine and the commodity alternative benefit demonstration in North Carolina, all of which generated relatively large increases in elderly FSP participa-

tion, cost between \$1,600 and \$1,750 per net new household. The application assistance demonstration in Michigan and the commodity alternative benefit in Connecticut, which generated limited impacts on elderly FSP participation, had the highest costs, at \$3,800 and \$2,800, respectively, per net new household.

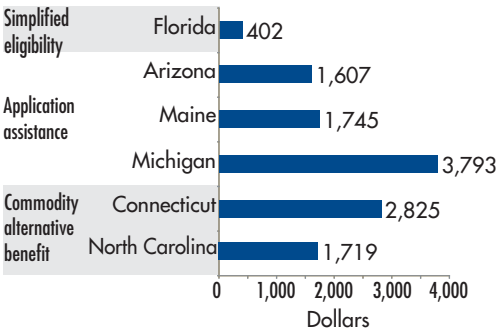
The results of this evaluation suggest that elderly FSP participation can be increased through a variety of options. However, the costs of bringing more seniors into the program can be substantial. Whether the costs are high enough to argue against replication depends on how policymakers value the increase in elderly participation. Several conditions must be in place for successful replication of these demonstrations. In particular, the costs to seniors of applying (including nonfinancial factors, such as the burden of the application process or stigma) must be less than the benefits to them of participating. Other conditions for success include effective approaches for informing seniors about the availability of program benefits and effective staff.

The complete results of this study can be found in *Evaluation of the USDA Elderly Nutrition Demonstrations: Volume I, Evaluation Findings* (CCR-9-1, U.S. Department of Agriculture, Economic Research Service, July 2005) available at www.ers.usda.gov/publications/ccr9-1, and *Evaluation of the USDA Elderly Nutrition Demonstrations: Volume II, Demonstration Summaries* (CCR-9-2, U.S. Department of Agriculture, Economic Research Service, July 2005) available at www.ers.usda.gov/publications/ccr9-2.

Net impact of pilot projects on elderly FSP participation, after 21 months



Total demonstration costs of pilot projects after 21 months, per net new elderly FSP household



Information on food assistance research can be found on the ERS website at www.ers.usda.gov/briefing/FoodNutritionAssistance and on the FNS Office of Analysis, Nutrition, and Evaluation website at www.fns.usda.gov/oane. Information on USDA's food assistance programs can be found on the FNS website at www.fns.usda.gov/fns. For more information on this report, contact Victor Oliveira at victoro@ers.usda.gov.

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