

The Food Assistance Landscape

September 2004



Over the course of a year, an estimated 1 in 5 Americans participates in at least 1 of the 15 food assistance programs

administered by the U.S. Department of Agriculture (USDA). This array of food assistance programs accounts for over half of USDA's budget. The Economic Research Service (ERS) is responsible for conducting economic studies and evaluations of the Nation's domestic food assistance programs, focusing on diet and nutritional outcomes, how benefits are targeted and delivered, and program dynamics and administration. This report uses preliminary data from USDA's Food and Nutrition Service (FNS) to examine food assistance trends at the mid-point of fiscal 2004. It also discusses a recent ERS report that focuses on eligible households that are not participating in the Food Stamp Program and examines their characteristics and the reasons they do not participate in the program.





The Increase in Food Assistance Spending Continues

Expenditures for USDA's 15 food assistance programs totaled \$23.3 billion during the first half of fiscal 2004 (October 1, 2003, to March 31, 2004), an 11-percent increase over the first half of fiscal 2003. If this trend continues during the second half of fiscal 2004, expenditures for the entire fiscal year will surpass the record \$41.8 billion spent on food assistance in fiscal 2003 (prior to fiscal 2003, the previous historical record was \$38.1 billion set in fiscal 1996). 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 almost 95 percent of USDA's total expenditures for food assistance. While each of these major programs expanded during the first half of fiscal 2004, most of the increase in total food assistance expenditures was due to the expansion of the Food Stamp Program.

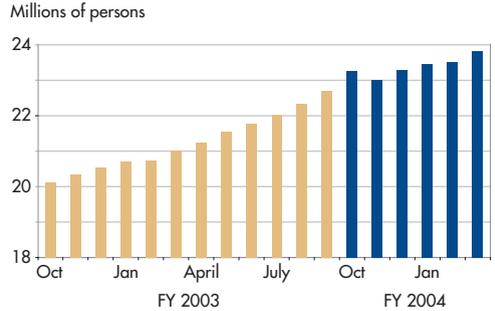
Food Stamp Program Continues To Expand

The Food Stamp Program is the largest of the food assistance programs. The program provides monthly benefits for participants, over half of whom are children, to purchase eligible food items at approved food stores. The program is available to many low-income households (subject to certain work and immigration status requirements). During the first half of fiscal 2004:

- The Food Stamp Program accounted for 56 percent of total expenditures for food assistance.
- Spending for the Food Stamp Program totaled \$13.2 billion, or 15 percent more than during the first half of the previous fiscal year. This dramatic increase in expenditures was due largely to an increase in participation and, to a lesser degree, an increase in the average per person benefit.
- Monthly participation in the program averaged 23.4 million people, or 14 percent more than during the same period in the previous year. If this trend continues during the second half of fiscal 2004, it will mark the largest number of participants since fiscal 1996 when a monthly average of 25.5 million people participated in the program.

- Participation continued to rise as the number of participants increased in 5 of the first 6 months of fiscal 2004.
- Benefits per person averaged \$85.78 per month, an increase of \$2.23 (or almost 3 percent) from the first half of fiscal 2004.

Monthly food stamp program participation continues to increase during the first half of fiscal 2004

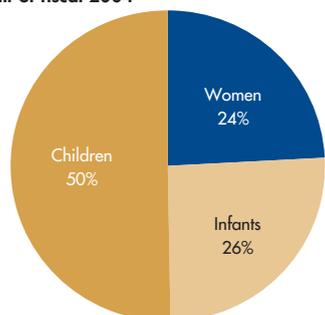


Participation in WIC Increases

The Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) provides a package of supplemental foods, nutrition education, and health care referrals to low-income pregnant, breastfeeding, and postpartum women, and infants and children up to age 5 who are at nutritional risk. During the first half of fiscal 2004:

- Spending for WIC totaled \$2.4 billion, or 9 percent more than in the first half of the previous year.
- Monthly participation in WIC averaged 7.8 million people, an increase of 3 percent over the same period in fiscal 2003. If this result holds for the entire year, the average monthly number of participants in fiscal 2004 will surpass the program's peak of 7.6 million monthly participants set in fiscal 2003.
- Monthly per person food costs averaged \$37.06, an increase of \$2.31 or about 7 percent over the same period the previous year.

Children made up half of all WIC participants during first half of fiscal 2004





Federal Nutrition Assistance At-A-Glance

Program		FY 2003		FY 2004
		Full year	1 st half	1 st half
Food Stamp Program	Average monthly participation (millions)	21.3	20.6	23.4
	Average benefit per person (dollars/month)	83.91	83.55	85.78
	Total expenditures (\$ billions)	23.9	11.4	13.2
WIC	Average monthly participation (millions)	7.6	7.6	7.8
	Total expenditures (\$ billions)	4.5	2.2	2.4
National School Lunch Program	Average daily participation (millions)	28.4	28.5	29.0
	Total expenditures (\$ billions)	7.2	4.3	4.6
School Breakfast Program	Average daily participation (millions)	8.4	8.4	8.8
	Total expenditures (\$ billions)	1.7	1.0	1.0
Child and Adult Care Food Program	Meals served in:			
	• child care centers (millions)	1,023	521	538
	• family day care homes (millions)	694	340	335
	• adult day care centers (millions)	49	23	25
	Total expenditures (\$ billions)	1.9	1.0	1.0
All programs	Total expenditures (\$ billions)	41.8	21.0	23.3

Note: The figures are based on preliminary data provided by the Food and Nutrition Service as of May 2004 and are subject to change. Total program expenditures include other food assistance programs not shown in table.

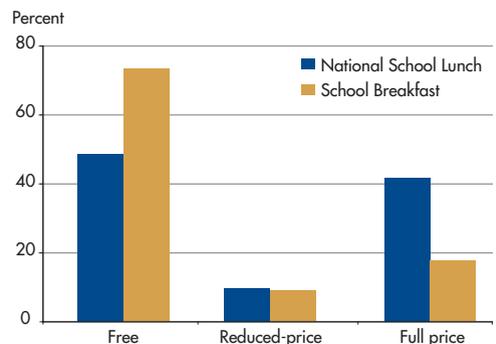
National School Lunch Program Grows

The National School Lunch Program provides low-cost or free lunches to schoolchildren. 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 a full price, though their meals are still subsidized to a small extent. In the first half of fiscal 2004:

- An average 29.0 million children participated in the program each school day or about 2 percent more than during the first half of fiscal 2003.

- Spending for the program totaled \$4.6 billion, a 7-percent increase over the same period the previous year.
- 2.9 million school lunches were served, about 2 percent more than during the first 6 months of fiscal 2003.
- Almost half (49 percent) of the school lunches served were provided free to students and another 10 percent were provided at a reduced price.

Percentage of school meals served, by type of reimbursement





School Breakfast Program Expands

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 2004:

- An average 8.8 million children participated in the program each school day, or 5 percent more than in the first half of fiscal 2003.
- Spending for the program totaled \$1.0 billion, almost 8 percent more than in the same period the previous year.
- A total of almost 903 million breakfasts was served, or 6 percent more than in the first half of fiscal 2003.
- Almost three-quarters (73 percent) of these breakfasts were provided free to students and another 9 percent at a reduced price.
- Two-thirds 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 reduced price.

Child and Adult Care Food Program Spending Is Up

The Child and Adult Care Food Program subsidizes healthy meals and snacks in participating child care centers and homes and adult day care facilities. The providers of care are reimbursed for each type of qualifying meal (breakfast, lunch/supper, or snack) they serve. During the first half of fiscal 2004:

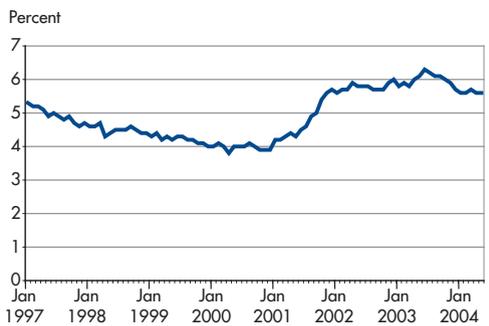
- Spending for the Child and Adult Care Food Program totaled \$1.0 billion, or 4 percent more than in the first half of the previous year.
- Almost 899 million meals were served, an increase of 2 percent from the first half of fiscal 2003. The number of meals served in family child care homes decreased by 1 percent compared with the first half of fiscal 2003 while 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 8 percent.
- About 60 percent of all meals served were in child care centers, 37 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 have significantly affected participation in the Food Stamp Program. For example, the number of food stamp recipients typically rises during recessionary periods when unemployment and poverty increases, and falls during periods of growth when unemployment and poverty decline.

The economy continued to recover in early 2004 as the gross domestic product (GDP) grew 3.9 percent in the first quarter. The seasonally adjusted unemployment rate during the first 6 months of 2004—either 5.6 or 5.7 percent in each month—is slightly lower than during the same period the previous year, but considerably higher than during the 1997-2001 period.

Monthly unemployment rate fell slightly in first half of 2004



Research Update—The Food Stamp Program Access Study: Eligible Nonparticipants

Food stamp caseloads decreased by 40 percent between 1994 and July 2000 (in contrast to recent years when food stamp rolls steadily increased). Studies showed that the caseload declined during this period of economic growth not only because many households’ circumstances improved enough to make them ineligible for benefits, but also because a smaller percentage of the potentially eligible households were participating in the program. This led policymakers and analysts to focus on the broad question of what factors influence Food Stamp Program participation. As part of an effort to more fully understand the factors that influence food stamp program participation,



ERS funded the Food Stamp Program Access Study that examines the extent to which policies implemented at the local level, as well as local office practices, affect households' decisions to apply for food stamps and their decisions to continue participating once they are approved for food stamp benefits.

A recent ERS report, one of three produced for the study, focuses on one group of eligible households—those who were not participating in the Food Stamp Program in 2000. The sampling for this nationally representative study involved two steps. First, a sample of 109 local food stamp offices in 39 States and the District of Columbia was selected. In the second step, food-stamp-eligible nonparticipating households living in areas around the sampled local offices were identified and interviewed using a random-digit-dialing telephone survey.

Eligible Nonparticipant Households Less Likely to Have Children

Results from the study show that eligible nonparticipant households were predominantly headed by females (74 percent) mirroring the gender distribution of household heads found among Food Stamp Program participants in 2000. However, eligible nonparticipant households were much less likely to include children than households receiving food stamp benefits. Just over half of all food stamp households contained children compared with only about a third of nonparticipant households. Food stamp recipient households were much more likely to be comprised of a single adult and children (39 percent vs. 12 percent) and were more likely to include pre-school-aged children (28 vs. 18 percent).

Nonparticipant households were more likely than households receiving food stamp benefits to be headed by Whites (53 vs. 47 percent), and less likely to be headed by Blacks (26 vs. 35 percent) indicating that among those who are eligible, Blacks have a higher Food Stamp Program participation rate than do Whites.

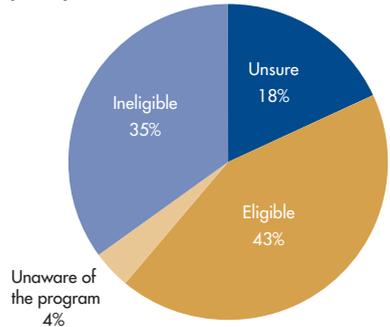
Compared with the active food stamp caseload, the eligible nonparticipant households were more likely to have earnings and social security income, and the nonparticipants had higher average household incomes. This is expected, since research has long shown that food stamp participation rates are inversely related to income. Following another longstanding pattern, receipt of Temporary Assistance for Needy Families or General Assistance is much

more common among food stamp participants than among eligible nonparticipants.

Most nonparticipation in the Food Stamp Program did not stem from a lack of basic awareness of the program. Nearly all nonparticipants (96 percent) said they knew of the program, and two-thirds knew where to apply for food stamps. Over half had previously received food stamp benefits as adults and 30 percent knew someone who was currently participating. Awareness was lower among households with elderly members, those with no children, and especially those who had no prior experience with the Food Stamp Program. Even among this latter group, however, 92 percent were aware of the program and 39 percent knew where to go to apply.

A more important impediment to a household's participation than not knowing of the program's existence is the household not realizing its eligibility for food stamps. Less than half (43 percent) of the nonparticipants thought they might be eligible for food stamps, while about a third (35 percent) thought they were ineligible, 18 percent were not sure if they were eligible, and 4 percent had never heard of the Food Stamp Program.

Perceived eligibility of Food Stamp Program nonparticipant households in 2000



Although most nonparticipant households (69 percent) said that they would apply for food stamp benefits if they were sure they were eligible, 27 percent would not apply even in those circumstances. The remainder were unsure whether they would apply. Among households that had not previously received food stamps, 35 percent reported they would not apply.

Nonparticipants Give Reasons For Not Signing Up

The vast majority of households (91 percent) who would not apply or who were unsure



whether they would apply gave as reasons the desire for personal independence, the lack of need for food stamps, or the desire to avoid government assistance. In addition, 61 percent mentioned some aspect of the food stamp program application process or the program's participation requirements (e.g., too much paperwork or work requirements too difficult) as an impediment to applying.

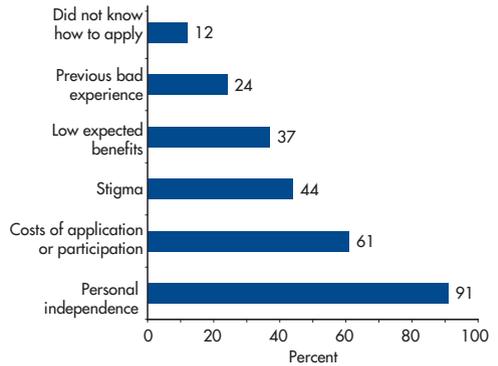
Just over half of nonparticipants indicated that they perceived no social stigma associated with participating in the Food Stamp Program, responding negatively to all four questions that asked about stigma-related experiences that they might expect (such as being "treated disrespectfully using food stamps in stores"). About a third did respond affirmatively to one or more of the questions, however, and 44 percent of those who said they would not apply even if they were eligible mentioned stigma as one factor. Although some observers have expressed concern that the public debate surrounding the recent welfare reform might give food stamp participation a more negative public image and lead to greater social stigma, the data did not suggest an increasing prevalence of stigma.

A small number of nonparticipant households (4.6 percent) were estimated to be "near applicant" households defined as households who contacted a food stamp office within 6 to 12 months prior to the survey but did not submit an application. This group made an effort to find out about food stamp benefits, but decided not to apply. About three-quarters of these near applicants felt they did not accomplish the purpose of their visit to the food stamp office, largely because they had not found out about their likely eligibility and had not applied for benefits. The data suggest that

some eligible nonparticipants—perhaps people with limited knowledge, motivation, or confidence—approach the Food Stamp Program but do not get enough information or support to become participants.

The report *Food Stamp Program Access Study: Eligible Nonparticipants* (E-FAN-03-013-2, U.S. Department of Agriculture, Economic Research Service, May 2004) is available at www.ers.usda.gov/publications/efan03013/efan03013-2/.

Reasons eligible households would not participate in the Food Stamp Program



An earlier report presents a detailed analysis of local Food Stamp Program office policies and practices that may affect access to the program. *Food Stamp Program Access Study: Local Office Policies and Practices* (E-FAN-03-013-1, U.S. Department of Agriculture, Economic Research Service, December 2003) is available at www.ers.usda.gov/publications/efan03013/efan03013-1. The third report in the series (forthcoming) will: (1) examine attitudes and experience of food stamp applicants; (2) summarize prior findings; and (3) identify policies and practices that affect participation behavior.

Additional Information

Information on food-assistance-related research can be found on the ERS website's food and nutrition assistance briefing room at www.ers.usda.gov/briefing/FoodNutritionAssistance/. Information on USDA's food assistance programs can be found on the Food and Nutrition Service website at www.fns.usda.gov/fns. For more information on this report, contact Victor Oliveira at victoro@ers.usda.gov.

