

CONGRESS CAN STRENGTHEN THE FOOD STAMP PROGRAM

Food stamps provide nutritional assistance to 2 million low-income Californians, primarily families with children. However, the purchasing power of food stamp benefits has lost ground to inflation. Moreover, many low-income individuals are prohibited from receiving food stamps and approximately 2 million eligible Californians do not receive these benefits. Congress must reauthorize the Food Stamp Program by September 30, 2007. Congress should consider changes that would increase the adequacy of food stamp benefits, as well as boost the number of low-income families who receive them.

The Food Stamp Program in California: An Overview

The Food Stamp Program:

- **Helps low-income households purchase food.** The federal government pays the full cost of food stamps, which provided a modest benefit of \$1.09 per person per meal in California at a cost of \$2.4 billion in federal fiscal year (FFY) 2006.¹ More than nine out of 10 California households (94.1 percent) that receive food stamps have incomes at or below the federal poverty guideline.² Households generally must meet income and other eligibility criteria to receive food stamps. For example, a household's gross income may not exceed 130 percent of the federal poverty guideline.³
- **Primarily provides benefits to families with children.** Two-thirds (66.3 percent) of the 2 million Californians who received food stamps in FFY 2005 were children.⁴ Households with children receive 87.8 percent of food stamp benefits in California.⁵
- **Fails to reach approximately 2 million eligible Californians.** Fewer than half (46 percent) of the state's estimated 4 million eligible individuals received food stamps in FFY 2004, the lowest rate in the nation.⁶ California also ranked last in the share of eligible individuals in working

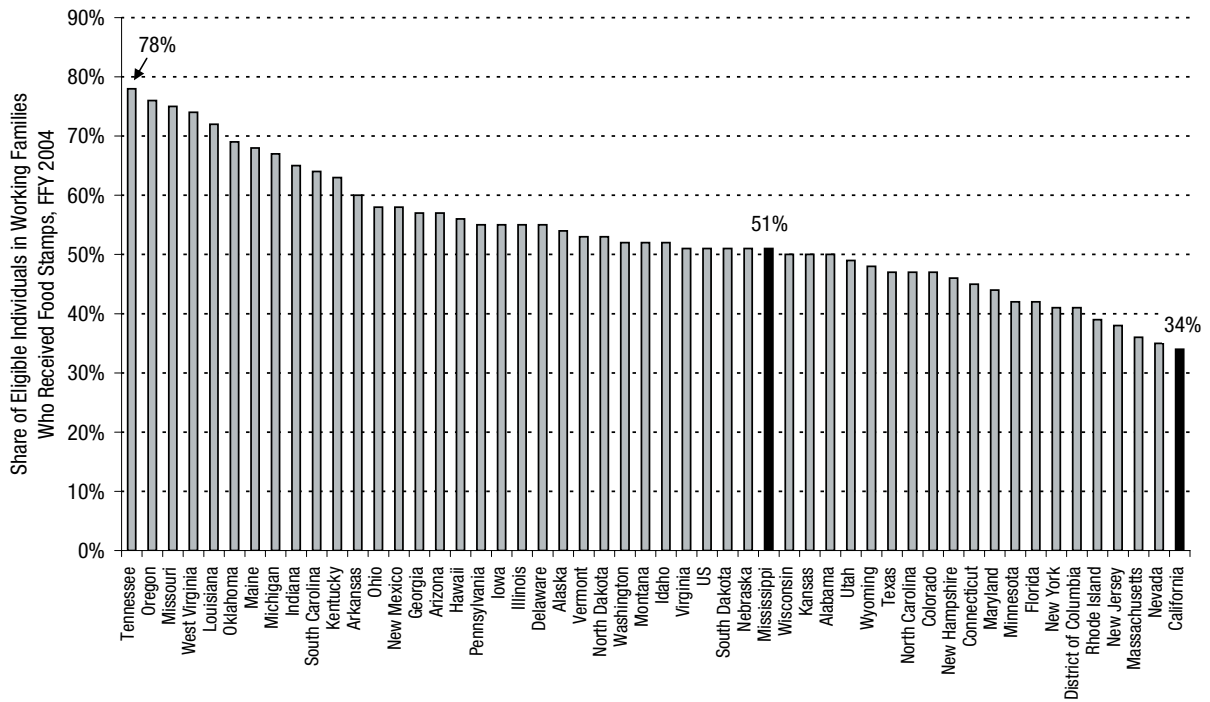
families (34 percent) who received food stamps in FFY 2004 (Figure 1).⁷ In contrast, three-quarters or more of eligible individuals in working families in Missouri, Oregon, and Tennessee received food stamp benefits in FFY 2004.

Many Californians Experience Hunger or the Threat of Hunger

The Food Stamp Program has made severe hunger rare in California and the rest of the US. Nonetheless, many Californians cannot afford adequate food and therefore must skip meals, turn to charities, or take other steps to make ends meet. These households lack "food security," meaning they experience hunger or the threat of hunger.⁸ Specifically:

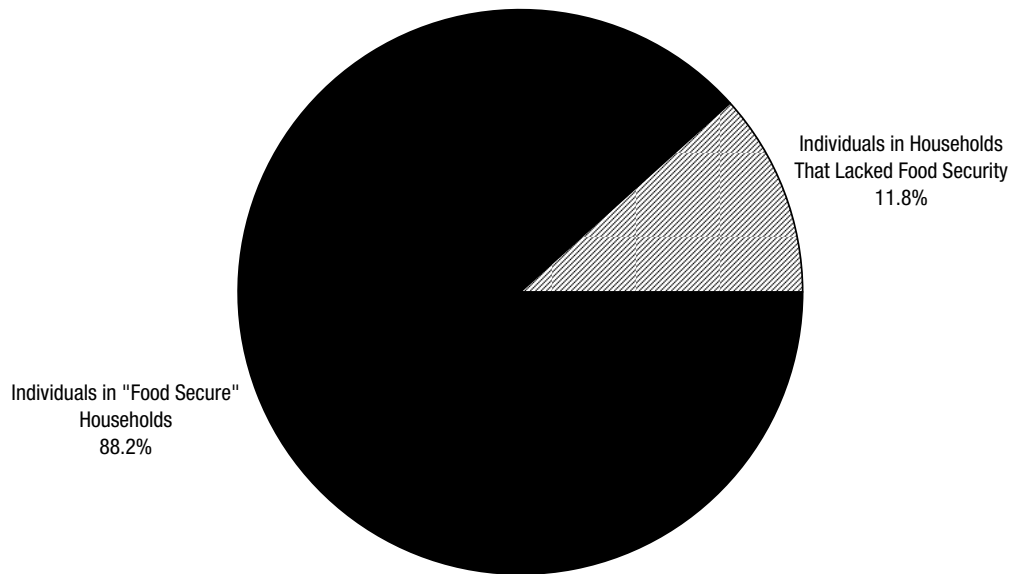
- **More than one out of 10 Californians live in households that lack food security.** More than one out of 10 California residents (11.8 percent) lived in households that lacked food security in 2005 (Figure 2). These 4.2 million "food insecure" Californians included 1.6 million children and 2.6 million adults.
- **Households with children are twice as likely as are households without children to lack food security.** Nearly one out of six California households with children (15.7 percent) experienced hunger or the threat of hunger in 2005, compared to 6.7 percent of households without children.⁹

Figure 1: California Ranks Last in Share of Individuals in Working Families Who Receive Food Stamps



Source: Mathematica Policy Research, Inc.

Figure 2: More Than One Out of 10 Californians Lived in Households That Lacked Food Security in 2005



Note: Households that lacked food security are those that experienced hunger or the threat of hunger during 2005.
 Source: Center on Budget and Policy Priorities analysis of 2005 Current Population Survey Food Security Supplement data

- **Households headed by blacks and Latinos are more likely to lack food security.** Nearly two out of five black households (18.0 percent) and Latino households (17.3 percent) lacked food security in 2005, compared to one out of 15 white households (6.7 percent).
- **Less than one-quarter of California households that lack food security use food pantries.** One out of five households that lacked food security in 2005 (21.2 percent) obtained food from a food pantry. Nonetheless, a majority (78.8 percent) of California households that faced hunger or the threat of hunger did not use a food pantry in 2005. This may be because a food pantry was not available or the household believed that none was available.

Congress Can Strengthen the Food Stamp Program

Congress must reauthorize the Food Stamp Program by September 30, 2007.¹⁰ Congress should consider changes that would increase the adequacy of food stamp benefits, as well as boost the number of low-income families who receive them. Specifically, Congress could:

Increase the Adequacy of Food Stamp Benefits

The average food stamp benefit of \$1.09 per person per meal in California is not adequate to meet a family's basic nutritional needs. In fact, the purchasing power of food stamps has eroded during the past decade due to changes included in the 1996 federal welfare law.¹¹ Increasing food stamp benefits would not only allow families to buy more food, but also would be an important step toward helping families purchase healthier food, which tends to be more costly than other food options.¹² In order to increase the adequacy of food stamp benefits, Congress could:

- **Increase the Food Stamp Program's "standard deduction."** Households subtract certain living expenses, such as the cost of utilities, from their monthly income in order to determine the amount of their food stamp benefits. In general, the more expenses that a household can subtract, the larger its food stamp benefits will be. However, the standard deduction has been frozen at \$134 per month for households with three or fewer persons due to the 1996 federal welfare law.¹³ As a result, a typical single parent with two children will receive approximately \$24 less in food stamp benefits per month in FFY 2008 than if the standard deduction had kept pace with inflation.¹⁴ Congress could increase the standard deduction to \$188 to reflect changes in the cost of living since 1996 and adjust the standard deduction for inflation starting in FFY 2008.

- **Allow families to deduct all child care expenses from their income.** The Food Stamp Program allows families to subtract child care expenses of up to \$200 per month from their income.¹⁵ This deduction has never been adjusted for inflation and thus does not reflect the impact of rising child care costs on the budgets of low-income working families. Congress could allow families to deduct their actual child care expenses from their income, as President Bush recommends in his Proposed FFY 2008 Budget.
- **Increase the maximum benefit.** The maximum food stamp benefit is based on the USDA's "Thrifty Food Plan," which estimates the cost of food needed to provide a minimally adequate diet.¹⁶ The 1996 federal welfare law reduced the maximum food stamp benefit from 103 percent to 100 percent of the Thrifty Food Plan.¹⁷ As a result, a single parent with two children will receive approximately \$13 less in food stamps per month in FFY 2008 than if the maximum benefit had not been reduced.¹⁸ Congress could restore the maximum benefit to the prior level.
- **Increase the minimum benefit.** The \$10 minimum monthly food stamp benefit is not sufficient to help the households that receive it to purchase an adequate diet. Congress could boost the adequacy of food stamps by increasing the minimum benefit.
- **Base food stamp benefits on a more accurate measure of the cost of food.** The Thrifty Food Plan understates the cost of an adequate diet, particularly one that includes more nutritious – and thus more expensive – foods. Congress could base food stamp benefits on a food plan that more accurately reflects what it costs to provide a family with a nutritious diet.

Expand the Number of Low-Income Californians Who Qualify for Food Stamps

Federal law prohibits many low-income individuals, including certain legal non-citizens and unemployed adults, from receiving federally-funded food stamp benefits. In order to expand access to food stamps, Congress could:

- **Restore Food Stamp Program eligibility for all legal non-citizens.** The 1996 federal welfare law disqualified most legal non-citizens without significant work history in the US from receiving food stamp benefits.¹⁹ Congress subsequently restored eligibility for many legal non-citizens, including children and certain elderly individuals.²⁰ However, federal law generally prohibits legal non-citizen adults from receiving federally-funded food stamps during their first five years in the US.²¹ This exclusion prevents many adults, including those in

low-income working families, from receiving federal nutrition assistance and can discourage non-citizen parents from seeking food stamps for their US citizen children.

- **Allow unemployed adults to receive food stamp benefits without a time limit.** Federal law generally prohibits unemployed adults without dependent children from receiving food stamps for more than three months in a three-year period, even if no work is available to them.²² This time limit prevents some of the state's poorest residents who are unemployed for long periods from receiving federal food assistance.
- **Eliminate or modify the Food Stamp Program's restrictive "asset limit."** Most households are ineligible for food stamps if they have more than \$2,000 in savings, a threshold that has been frozen for more than 20 years.²³ This restrictive asset limit can prevent low-income working families, who may have saved modest amounts for emergencies or retirement, from qualifying for food stamps during a period of unemployment. These families either must forego food assistance or spend their savings in order to receive food stamp benefits. Congress could eliminate the asset limit, increase the limit to allow families to have more savings, or exclude all retirement savings accounts from the limit.
- **Restore Food Stamp Program eligibility for individuals convicted of a felony drug crime.** The 1996 federal welfare law disqualified individuals convicted of a state or federal felony drug crime from receiving food stamp benefits for life.²⁴ Restoring eligibility for individuals who have left prison would help them reintegrate into society and stay healthy as they seek employment, thus potentially reducing recidivism.

Improve Access to the Food Stamp Program

California has made much progress toward simplifying the Food Stamp Program to ensure that more individuals who are eligible for the program receive benefits. Nonetheless, approximately 2 million eligible Californians do not receive food stamps. In order to improve access to food stamps, Congress could:

- **Continue to allow states to simplify Food Stamp Program rules.** Federal regulations allow states to simplify their Food Stamp Program's eligibility rules for households that receive child care or other non-cash service funded with federal Temporary Assistance for Needy Families (TANF) block grant dollars.²⁵ These households automatically qualify for the Food Stamp Program, although states must review households' income to determine the amount of food stamp benefits for which they qualify.²⁶ Twenty-nine states have used this option to simplify their Food Stamp Programs, although California has not.²⁷
- **Prohibit states from requiring applicants for food stamps to be fingerprinted.** California is one of only four states that require individuals applying for food stamp benefits to be fingerprinted.²⁸ This policy aims to detect "duplicate aid" fraud, which occurs when an individual seeks to receive benefits in more than one county. However, fingerprinting can discourage participation in the Food Stamp Program. The California State Auditor has concluded that fingerprinting "may add an element of fear" to the application process and "thus may keep some eligible people from applying for needed benefits."²⁹ Federal regulations do not require states to use fingerprinting to detect fraud. In fact, most states "use computer matching against existing databases to verify applicants' information."³⁰

Conclusion

Food stamps provide nutritional assistance to 2 million low-income Californians, primarily families with children. However, the purchasing power of food stamps has lost ground to inflation. Moreover, many low-income individuals are prohibited from receiving food stamps and approximately 2 million eligible Californians do not receive these benefits. As Congress prepares to reauthorize the Food Stamp Program, policymakers should consider changes that would increase the adequacy of food stamp benefits, as well as boost the number of low-income families who receive them.

Scott Graves prepared this Budget Brief. The California Budget Project (CBP) was founded in 1994 to provide Californians with a source of timely, objective, and accessible expertise on state fiscal and economic policy issues. The CBP engages in independent fiscal and policy analysis and public education with the goal of improving public policies affecting the economic and social well-being of low- and middle-income Californians. General operating support for the CBP is provided by foundation grants, individual donations, and subscriptions. Please visit the CBP's website at www.cbp.org.

ENDNOTES

- ¹ CBP analysis of US Department of Agriculture data. FFY 2006 data are preliminary. The federal, state, and county governments share the cost of administering the Food Stamp Program.
- ² US Department of Agriculture, Food and Nutrition Service, *Characteristics of Food Stamps Households: Fiscal Year 2005* (September 2006), p. 67. FFY 2005 is the most recent year for which characteristics data are available. The federal poverty guideline is \$17,170 for a family of three in 2007.
- ³ The Food Stamp Program includes both gross and net income limits. "Gross income" is defined as a household's total income before any allowable deductions are made. Some households, including those with an elderly member, do not have to meet the gross income limit, which is \$1,799 per month for a family of three in FFY 2007. Certain households also are subject to a net income limit. A household's "net income" – gross income less allowable deductions – may not exceed 100 percent of the federal poverty guideline.
- ⁴ US Department of Agriculture, Food and Nutrition Service, *Characteristics of Food Stamp Households: Fiscal Year 2005* (September 2006), pp. 65 and 75. FFY 2005 is the most recent year for which characteristics data are available.
- ⁵ Center on Budget and Policy Priorities analysis of FFY 2005 Food Stamp Program Quality Control data.
- ⁶ Karen E. Cunyngnam, Laura A. Castner, and Allen L. Schirm, *Reaching Those in Need: State Food Stamp Participation Rates in 2004* (Mathematica Policy Research, Inc.: October 2006). FFY 2004 is the most recent year for which these data are available. The Department of Social Services (DSS) maintains that the methodology used in this study understates California's food stamp participation rate relative to that of other states by as much as 10.5 percentage points because it does not include recipients of assistance through the state's Supplemental Security Income/State Supplementary Payment (SSI/SSP) Program. SSI/SSP recipients in California do not receive food stamps, but instead receive a modestly higher level of cash assistance. California is the only state that "cashes out" food stamp benefits for SSI/SSP recipients. Modifying the methodology to include the state's SSI/SSP recipients would improve California's ranking relative to that of other states, but would not reduce the approximately 2 million eligible Californians who fail to receive food stamps.
- ⁷ Eligible individuals in working families are those who are eligible for the Food Stamp Program and live in households in which someone earns income from a job.
- ⁸ The data reported in this section are from an unpublished Center on Budget and Policy Priorities analysis of 2005 Current Population Survey Food Security Supplement data. As characterized by the US Department of Agriculture (USDA), food security and insecurity are based on survey respondents' perceptions of whether their household is able to obtain enough food to meet its needs. Households that lacked food security are classified as having either low or very low food security. Households with "low food security" reported problems accessing food, but typically reported "few, if any, indications of reduced food intake." In contrast, households with "very low food security" reported "multiple indications of reduced food intake and disrupted eating patterns due to inadequate resources for food." Prior to the 2005 survey, the USDA characterized households with low food security as "food insecure without hunger" and households with very low food security as "food insecure with hunger." See US Department of Agriculture, Economic Research Service, *Household Food Security in the United States, 2005* (November 2006), p. 4.
- ⁹ "Children" are defined as younger than age 18.
- ¹⁰ The Food Stamp Program is one of several programs authorized in the 2002 "Farm Bill," which is officially titled the Farm Security and Rural Investment Act of 2002 (Public Law 107-171).
- ¹¹ The 1996 federal welfare law is officially titled the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (Public Law 104-193). Changes included in this law that have eroded the purchasing power of food stamp benefits are discussed below.
- ¹² "[H]igh-fat, energy-dense diets...are more affordable than are prudent diets based on lean meats, fish, fresh vegetables, and fruit." Adam Drewnowski and S.E. Specter, "Poverty and obesity: the role of energy density and energy costs," *The American Journal of Clinical Nutrition*, Vol. 79, No. 1 (January 2004).
- ¹³ The standard deduction is one of several deductions available to food stamp households. The 2002 Farm Bill provided for increases in the standard deduction for households with four or more persons. Dorothy Rosenbaum, *Families' Food Stamp Benefits Purchase Less Food Each Year* (Center on Budget and Policy Priorities: Revised March 9, 2007), pp. 4-5.
- ¹⁴ Dorothy Rosenbaum, *Families' Food Stamp Benefits Purchase Less Food Each Year* (Center on Budget and Policy Priorities: Revised March 9, 2007), p. 2. Under current law, the value of food stamp benefits will erode until FFY 2014 for three-person households, until FFY 2025 for two-person households, and until FFY 2038 for one-person households.
- ¹⁵ This deduction is limited to \$200 per month for a child under age 2 and \$175 per month for other children.
- ¹⁶ The maximum benefit level varies by household size. For example, the maximum benefit for a three-person household is \$408 per month in FFY 2007. Most households do not receive the maximum food stamp benefit because it is reduced by 30 percent of a household's net income to reflect a household's ability to contribute to food purchases. See US Department of Agriculture, Food and Nutrition Service, *Making America Stronger: A Profile of the Food Stamp Program* (September 2005), p. 2 and Department of Social Services, *All County Information Notice No. I-61-06* (August 24, 2006).
- ¹⁷ The maximum benefit previously was set at 103 percent of the Thrifty Food Plan (TFP) to reflect the fact that the cost of food typically increases between the time that the USDA estimates the cost of the TFP and the time that food stamp benefits are provided.
- ¹⁸ Dorothy Rosenbaum, *Families' Food Stamp Benefits Purchase Less Food Each Year* (Center on Budget and Policy Priorities: Revised March 9, 2007), p. 3.
- ¹⁹ The federal welfare reform law required legal non-citizens to be employed in the US for at least 10 years in order to receive food stamp benefits.
- ²⁰ The Agricultural Research, Extension, and Education Reform Act of 1998 (Public Law 105-185) and the 2002 Farm Bill restored food stamp eligibility for many legal non-citizens.
- ²¹ The California Food Assistance Program (CFAP) provides state-funded food assistance to legal non-citizens who are ineligible for the Food Stamp Program due solely to their immigration status. The state is estimated to spend \$23.6 million on CFAP benefits in 2006-07.
- ²² This provision applies to adults under age 50. Individuals are exempt from the work requirement if they meet one of several exemption criteria, including having a disability or being pregnant. Counties with high unemployment rates can qualify for a federal waiver of the work requirement for all such adults residing in the county. Many primarily small and rural counties in California currently have such a waiver.
- ²³ The asset limit is \$3,000 for households in which at least one member is disabled or age 60 or older. Federal law excludes certain assets, such as a home and certain retirement accounts, from the asset limit. For an overview of how assets are treated in the Food Stamp Program, see Zoe Neuberger, Robert Greenstein, and Eileen P. Sweeney, *Protecting Low-Income Families' Savings: How Retirement Accounts Are Treated in Means-Tested Programs And Steps to Remove Barriers to Retirement Saving* (The Retirement Security Project: June 2005).
- ²⁴ Federal law allows states to exempt any or all individuals convicted of felony drug crimes from this lifetime ban on federal food stamp receipt. California exempts

individuals convicted of felony use or possession of a controlled substance, but not those convicted of selling, manufacturing, or distributing a controlled substance. See AB 1796 (Leno, Chapter 932 of 2004) and Department of Social Services, *All County Letter No. 04-59* (December 29, 2004).

- ²⁵ US Government Accountability Office, *Food Stamp Program FNS Could Improve Guidance and Monitoring to Help Ensure Appropriate Use of Noncash Categorical Eligibility* (March 2007), p. 1.
- ²⁶ States must provide automatic or “categorical” eligibility to individuals who are receiving or authorized to receive TANF non-cash services that are funded with more than 50 percent TANF or state “maintenance of effort” (MOE) dollars. In addition, states may provide categorical eligibility to individuals who are receiving or authorized to receive TANF non-cash services funded with less than 50 percent TANF or MOE dollars. US Government Accountability Office, *Food Stamp Program FNS Could Improve Guidance and Monitoring to Help Ensure Appropriate Use of Noncash Categorical Eligibility* (March 2007), pp. 1-2.
- ²⁷ US Government Accountability Office, *Food Stamp Program FNS Could Improve Guidance and Monitoring to Help Ensure Appropriate Use of Noncash Categorical Eligibility* (March 2007), pp. 3 and 58.
- ²⁸ The other states are Arizona, New York, and Texas. California also requires applicants for the California Work Opportunity and Responsibility to Kids (CalWORKs) Program to be fingerprinted.
- ²⁹ California State Auditor, *Statewide Fingerprint Imaging System: The State Must Weigh Factors Other Than Need and Cost-Effectiveness When Determining Future Funding for the System* (January 2003), p. 32.
- ³⁰ California State Auditor, *Statewide Fingerprint Imaging System: The State Must Weigh Factors Other Than Need and Cost-Effectiveness When Determining Future Funding for the System* (January 2003), p. 1.