

Food and Nutrition Assistance Policy

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Background

U.S. food and nutrition assistance policies are guided by the principle that Americans should not be hungry or malnourished because they cannot afford a nutritious diet. Food assistance programs help to provide food and meet nutritional requirements for individuals and households that are vulnerable due to low income or other circumstances. Originally initiated in the early 1930s, with the primary objective to dispose of surplus agricultural commodities, today the programs emphasize food access, nutrition, diet quality, and health for low-income families and their children. The United States Department of Agriculture (USDA) spends over \$30 billion a year on food and nutrition assistance programs — an amount that is over one-half of the USDA budget and that is projected to grow to over 60 percent in the next five years (see Figure 1).

Historically, U.S. food assistance programs featured the purchase and distribution of surplus agricultural commodities to low-income households and to school lunch programs. The introduction of a food stamp program in 1961 allowed low-income households to purchase food in stores with food stamp coupons. Over time, the design of food

programs changed from assistance being distributed directly as food, to more fungible assistance designed to help low-income households meet the costs of obtaining food, enrich the diet and provide access to health care. In addition, several new programs were introduced to target food assistance directly to vulnerable groups and, this year, the school lunch program became an international program.

The passage of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA) dramatically changed social assistance programs in the United States. Under PRWORA, Aid to Families with Dependent Children (AFDC) was replaced with the Temporary Assistance for Needy Families (TANF) program — a program with stricter eligibility and time limits for assistance, and program control shifted from the federal to state government. This shift left the Food Stamp Program as one of the only remaining entitlement programs available to almost all low-income households. As such, it has achieved a prominent role in the social safety net.

Title IV of the 1996 Farm Bill dealt with nutrition assistance. Included were the Food Stamp Program, several food distribution programs (including the Emergency Food Assistance Program, Commodity Supplemental Food Program, the Soup Kitchen, and Food Bank Program), as well as special nutrition

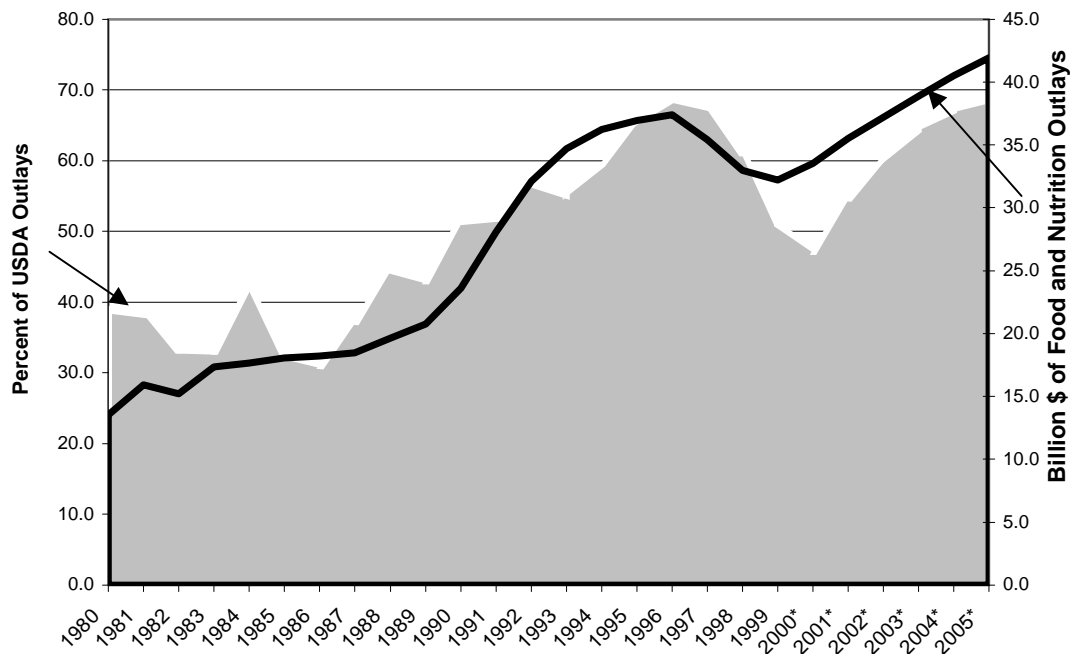


Figure 1. Food and Nutrition Share of USDA Outlays, 1980-2005

*Projected.
Source: OMB Budget Tables.

assistance programs in Puerto Rico and Samoa, and new authorization for Community Food Projects.

The Food Stamp Program is the cornerstone of USDA's domestic food and nutrition assistance programs. Food stamps help low-income families and individuals buy food by providing funds available for food purchases. In 1999, over 18 million persons (per month) participated in the Food Stamp Program — nearly 7 percent of the U.S. population, down from a high of 27.5 million in 1994. Currently, Food Stamp Program spending accounts for about 54 percent of food assistance programs. A majority of households that receive food stamps have children (58.3 percent), and a significant share of households have elderly (aged 60 and over) members (18.2 percent). Food stamps target some of the poorest households in the United States. Nearly 90 percent of food stamp recipients had gross monthly income below 100 percent of poverty. The 2000 poverty threshold set for a family of four is \$17,050.

Because access to food stamps is determined primarily by income, food stamp benefits are available to the working poor, a group increasing in numbers under welfare reform. Over one-quarter of food stamp recipients are in households with earnings, and

this share has increased since 1994. At the same time, there has been a marked drop in food stamps received by households that also receive TANF, down from 38.4 percent in 1994 to 31.4 percent in 1999. Both of these trends show that many low-income individuals got jobs and left welfare programs.

The Special Supplemental Food Program for Women, Infants and Children (WIC) is a federally funded program designed to protect low-income women, infants, and children against poor nutrition and poor health by providing supplemental food, nutrition education, and health care referrals. Established in 1974, the program grew to almost \$4 billion by 1999 and had 7.3 million participants. In 1998, nearly 70 percent of recipients had income below the federal poverty level, and over one-fourth also received food stamps. The number of people served by WIC is limited by funding levels established by Congress — it is not an entitlement. The competition between WIC and other discretionary USDA programs, such as farm programs, creates some tension and controversy.

The National School Lunch Program (NSLP) and the School Breakfast Program (SBP) provide free or reduced-priced meals to low-income children at

participating public and private schools. On average, nearly 27 million children participate in the lunch program per day, and over 7 million participate in the breakfast program. Ten percent of the total cost of \$7.4 billion was used to purchase surplus commodities.

Food Distribution Programs allow the purchase of surplus commodities and other commodities on the open market for distribution through several food programs. In addition to cash reimbursements, schools offering the School Lunch and Breakfast Programs can receive commodity foods, called “entitlement” foods, at a cost of 15 cents for each meal served. Schools can also get available “bonus” commodities from surplus agricultural stocks. Other commodities are distributed to food banks, soup kitchens, and other low-income food programs. The Community Food Project, first authorized in 1996, is designed to allow communities to better meet food needs of low-income people.

As awareness of the importance of dietary choices for health increases, more attention has focused on the complementary role of nutrition education in food and nutrition assistance programs. Nutrition education is a standard part of the program benefits provided by WIC. However, the role of nutrition education in other programs has grown in recent years as well. Although nutrition education is not a standard benefit of the Food Stamp program, states may choose to include nutrition education for food stamp participants as part of their administrative operations.

The Extended Food and Nutrition Program (EFNEP) is an educational intervention program designed to help limited-income adults with young children acquire knowledge, attitudes, and nutritional behaviors that lead to improvement in family diets.

Issues Related to Food and Nutrition Assistance Policy

Food and assistance programs provide a safety net to households in need, targeted food assistance to

low-income people and nutritional education. Current related issues are as follows.

Will the Food Stamp Program function as an effective safety net for low-income people if there is an economic downturn or recession?

The 1996 welfare reform act (PRWORA) shifted responsibility for cash assistance to states through block grants. The new regulation left the Food Stamps Program as the largest non-categorical federal welfare program. Today, there is a great deal of uncertainty about how a slowdown in economic activity will affect participation and program expenditures.

Are the existing food and nutrition assistance programs in alignment with TANF?

More low-income households are working under new regulations in welfare programs that encourage work and job training. Many of these families, although eligible, may not apply for food assistance programs because of a cumbersome application process, inconvenient location or office hours, requirements for recertification, or other restrictions difficult to meet while working at a low-wage job with inflexible hours. The pressing need for support may more effectively be met through direct cash assistance or more frequent issuance of benefits. If so, would the nutritional objectives of the Food Stamp Program be met?

Rising costs of food programs

The costs of food and nutrition programs (outlays) are projected to rise sharply in the next five years, due to both rising costs of benefits and increased participation from a projected economic slowdown. The Food Stamp Program has moved to provide benefits through EBT and to reduce trafficking in the program. It may become more difficult to achieve additional administrative cost savings, but possibilities include greater streamlining of administrative procedures or changing recertification requirements.

Can federal programs effectively complement community and local efforts to meet local food needs?

In 1999, over 10 percent of U.S. households experienced some degree of food insecurity during the year. Many of these households, in addition to the homeless, seek food assistance from local food pantries and food banks. Often such programs can provide immediate food assistance to those in need, and are able to draw on local food resources and support community food suppliers. Other food assistance programs are also expanding linkages with local food producers. Examples include the WIC Farmers' Market Program, the new Senior Farmers' Market Nutrition Pilot Program, and the school meals program. The renewed interest in community food supplies presents a need to develop comprehensive responses to local food, farm, and nutrition issues.

Effectiveness of nutrition education. Are food programs effective as instruments of dietary guidance?

There is evidence of nutrition education benefits. Recent studies have found that individuals with better information about nutrition do a better job of following federal dietary recommendations, and that the more a mother knows about health and nutrition, the better the overall quality of her child's diet is. Nutrition information is available to the general public through federally developed dietary guidance materials such as the USDA Food Guide Pyramid, federally mandated nutrition labeling of foods, and numerous private sources. However, it may be beneficial to supplement these general efforts with nutrition education targeted to food assistance program recipients. In the case of means-tested programs such as the Food Stamp Program, recipients have reduced levels of income and, typically, of education, which may limit their ability to make use of general nutrition education. Targeted nutrition education may help overcome this difficulty. Other programs may target audiences at a time when the benefits of healthy diets may be especially high. The WIC program, for example, targets pregnant women, infants, and young children. During these life stages,

not only are nutritional needs especially high but the consequences of poor diets are especially deleterious. The school meals programs, through their ubiquity in American schools, offer a unique opportunity to disseminate nutrition education to children and adolescents.

Policy Alternatives and Consequences

Food Programs as a Safety Net

With changes in welfare and social assistance policies, the Food Stamp Program has become the primary safety net available to low-income households. The federal government bears increasing exposure to the risk of increased federal food stamp expenditures, since the federal government has provided block grants to states for the full cost of TANF assistance. At the same time, states bear only half of the administrative costs of Food Stamp Program benefits, and this situation may lead states to shift any increase in costs of welfare to the federal government through increased food stamp expenditures.

Status Quo

Historically, the Food Stamp Program has been a *food* program, designed to provide low-income households with adequate nutrients and a balanced diet. Studies indicate that the program does increase spending on food and holds popular support because of its ties to food benefits. Under the status quo, the Food Stamp Program would continue to provide for basic food needs of poor households and would support low-income households whose members may also have employment in low-income jobs.

Increased Program Flexibility

Added flexibility to the Food Stamp Program would allow states to align eligibility, work

requirements, and certification procedures more closely with TANF, and provide a more effective safety net to low-income households, including the working poor. Improved program alignment could help streamline application procedures and other administrative aspects, as well as improve the Food Stamp program's ability to meet the needs of households facing differing state regulations. Increased flexibility might allow better tailoring of rules to the needs of low-income working households.

Outreach

Currently, the Food Stamp Program (for most participants) allows benefits to be treated like cash — households are not constrained to use funds for food. Eligibility for the program is determined primarily through income and asset screening. Reductions in participation rates since 1994 suggest that some eligible households may believe they no longer qualify. Increased efforts to target eligible low-income households will increase program administrative and benefit costs. However, better targeting may assure truly needy households of improved access to the program. Studies have shown that participants spend \$.20 to \$.30 out of every dollar's worth of food stamps on food. Although increased program participation ultimately costs taxpayers more, it also increases demand for food and, therefore, benefits agricultural producers, while improving dietary and health benefits of needy households.

School Lunch and Breakfast Programs

The School Lunch and Breakfast Programs are important sources of food for some low-income children; however, some program benefits are available to children from households with relatively high income.

Targeting

The federal government subsidizes the School Lunch and Breakfast Programs and school snacks, both in direct reimbursement costs as well as commodity distribution. Requiring children from households that are not low income (income greater

than 130 percent of poverty) to pay the full price would reduce program costs and potentially allow for expanded benefits for low-income children. However, the share of children receiving reduced-price meals is relatively small, as is the subsidy for those paying full price relative to the cost of the full meal. In addition, administrative costs may increase, especially for schools with a majority of students from low-income households.

Privatization

USDA reimburses schools for lunches and breakfasts served under the Lunch and Breakfast programs. Schools that choose to participate receive cash subsidies and donated commodities from USDA for each meal served, and agree to serve meals that meet federal nutritional requirements. They operate on a non-profit basis. If more school meals were privatized, the school board could contract out for meal service. The government could provide direct cash benefits to low-income students, perhaps as vouchers for meals. This option may better meet student preferences for certain foods and drinks, and save taxpayer money. However the nutritional quality of meals may be weakened, especially if there were no nutrition education.

Food Distribution Programs

While farm policy has shifted away from farm price stabilization through purchase of surplus commodities, the objective of food assistance programs has shifted from supporting agricultural prices to improving nutrition and alleviating hunger. However, the federal government can be a relatively large buyer of food when prices are low and, even today, can use this role in the market to bolster prices, as they did with the purchase of pork in 1999-2000, or cranberries in 2000.

Status Quo

Surplus commodities are used in school programs as well as for distribution to soup kitchens, food pantries, and local food banks. These users obtain

food free or at subsidized price (a price that may cover transportation and handling costs). However, the types of foods and availability may vary in ways unrelated to demand. Many of the commodities available for surplus distribution have been criticized as being relatively high in fat, or not typically consumed by some ethnic groups. USDA has placed special emphasis on improving the quality of commodities, especially those donated to the school lunch program — including a great increase in the amount and variety of fresh produce available to schools.

Gleaning

Increased concerns about hunger, resource conservation, and the environmental and economic costs associated with food waste have led to efforts to reduce food loss. Reduced food loss may be achieved at various levels of the food chain, from farm to final food service user or consumer. Food recovery may provide additional food for food banks and local food pantries, in addition to reducing disposal costs for food-related waste. Although likely to be relatively small for some sectors, opportunities exist for directing some recovered but wholesome food to final consumption. An example is potential waste from grocery retailers or restaurants that can be used by soup kitchens.

Market Options

The government could abandon the purchase and distribution of surplus commodities and transfer funds directly to schools and other users of surplus commodities. This direct transfer would allow users to purchase foods directly in the market. In following such an approach, the schools and other buyers would match food needs more directly to purchases. They individually could choose whether to support local suppliers or producers with their purchases. Farmers would lose the possible buyer of “last resort,” or the government would face the problem of disposal of purchased surplus commodities.

References and Suggested Readings

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