

“ The Food Stamp Program, the nation’s most important anti-hunger program, helps 38 million low-income Americans to afford a nutritionally adequate diet.”

Policy Basics is a series of brief background reports on issues related to budgets, taxes, and government assistance programs.

The Center on Budget and Policy Priorities
820 First Street, NE, Suite 510
Washington, DC 20002
Ph: 202-408-1080
Fax: 202-408-1056
center@cbpp.org
<http://www.cbpp.org>

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What Is the Food Stamp Program?

The Food Stamp Program, the nation’s most important anti-hunger program, helps roughly 38 million low-income Americans to afford a nutritionally adequate diet. (Effective October 1, 2008, the 2008 Farm Bill renamed the Food Stamp Program the Supplemental Nutrition Assistance Program, or SNAP.) More than 75 percent of all food stamp participants are in families with children; nearly one-third of participants are elderly people or people with disabilities.

The federal government pays the full cost of food stamp benefits and splits the cost of administering the program with the states, which operate the program. Food stamp eligibility rules and benefit levels are, for the most part, uniform across the nation.

After unemployment insurance, the Food Stamp Program is the most responsive federal program providing additional assistance during economic downturns. Since the beginning of the recession food stamp participation has increased by 10 million people, or more than one-third (37.9 million in October 2009). In addition, because of benefit increases (discussed below) that were part of the 2009 economic recovery legislation, the Food Stamp Program delivered \$4.3 billion in additional economic stimulus during fiscal year 2009.

Who Is Eligible for Food Stamps?

Unlike most means-tested benefit programs, which are restricted to particular categories of low-income individuals, the Food Stamp Program is broadly available to almost all households with low incomes. Under federal rules, to qualify for food stamps, a household must meet three criteria (some states have raised these limits):

- Its total monthly income generally must be at or below 130 percent of the poverty line, or roughly \$1,980 (about \$23,800 a year) for a three-person family in fiscal year 2010.
- Its *net* income, or income after deductions are applied for items such as high housing costs and child care, must be less than or equal to the poverty line.
- Its assets must fall below certain limits: households without an elderly member must have assets of \$2,000 or less, and households with an elderly or disabled member must have assets of \$3,000 or less.

Some categories of people are not eligible for food stamps regardless of how small their income or assets may be, such as strikers and certain legal immigrants. (Undocumented immigrants also are ineligible for

food stamps.) Unemployed childless adults are limited to three months of food stamps in many areas of the country (however in most states this rule is currently suspended because of the economic downturn).

For more information see *A Quick Guide to Food Stamp Eligibility and Benefit Rules* at <http://www.cbpp.org/11-19-08fa.htm>

How Much Do Households Receive in Benefits?

Food stamp households receive their benefits on electronic benefit transfer (EBT) cards, which can be used only to purchase food. The average household receives about \$133 a month (or \$4 a day) for each household member, in the second half of fiscal year 2009.

The food stamp benefit formula targets benefits according to need. Very poor households receive more food stamps than households closer to the poverty line since they need more help affording an adequate diet.

Benefits are based on the cost of the “Thrifty Food Plan,” a low-cost but nutritionally adequate diet established by USDA. The benefit formula assumes that families will spend 30 percent of their net income for food; food stamps make up the difference between that 30-percent contribution and the cost of the Thrifty Food Plan. A family with no net income receives the maximum benefit amount, which usually equals the cost of the Thrifty Food Plan for a household of its size (see table), —though currently it is higher because of the Economic Recovery Act (see below). For example, a family of three that has \$600 in net monthly income would receive the maximum benefit (\$526) minus 30 percent of its net income (30 percent of \$600 is \$180), or \$346.

Food Stamps in the Economic Recovery Legislation

The American Recovery and Reinvestment Act, which Congress passed and President Obama signed in February 2009, temporarily boosted food stamp benefits by 13.6 percent beginning in April 2009. All food stamp households — currently 17 million households with roughly 37 million people — are benefitting from the increase. Most households received about \$20 to \$24 per person per month in fiscal year 2009. In future years food stamp benefit levels will be held constant until the program’s regular annual inflation adjustments overtake the benefit increase.

Economists consider the increase to food stamp benefits to be one of the most effective and fast-acting provisions of the economic recovery package. Low-income individuals generally are not able to save money because their resources are spent on meeting their daily needs, such as shelter, food, and transportation. Therefore, every dollar in food stamps that a low-income family receives enables the family to spend an additional dollar on food or other items. Eighty percent of food stamp benefits are redeemed within two weeks of receipt, and 97 percent are spent within a month.

Maximum Monthly Food Stamp Benefits

As of April 2009
(includes benefit increase from Economic Recovery Act)

Household Size	Maximum Benefit
1	\$200
2	\$367
3	\$526
4	\$668
5	\$793
6	\$952
7	\$1,052
Each additional	\$150

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How Do People Apply for Food Stamps?

Each state designs its own food stamp application process, within federal guidelines. In most states, households apply in person at the welfare office, though they can also mail or fax their applications. Most applicants must return to the welfare office for a face-to-face interview and must document numerous aspects of their eligibility, including their identity, immigration status, household composition, income and resources, and deductible expenses. (Some states are moving to offer alternatives such as online applications and telephone service.)

Households found to be eligible receive an EBT card, which is loaded with benefits once a month. Household members may use it to purchase food at one of the approximately 175,000 retailers authorized to participate in the program. Food stamps *cannot* be used to purchase alcoholic beverages, cigarettes, vitamin supplements, non-food grocery items such as household supplies, or hot foods.

Households must contact the welfare office to report if their income goes up dramatically, and must reapply for food stamps periodically, typically every six to 12 months for most families and every 12 to 24 months for seniors and people with disabilities.

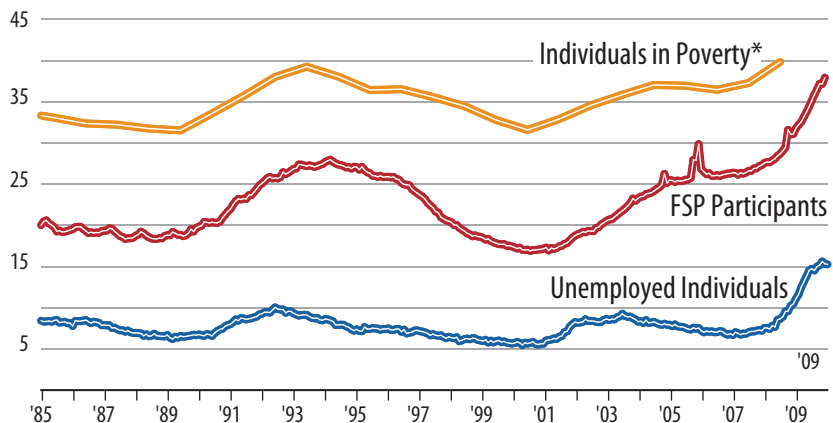
Special Features of the Food Stamp Program

While the Food Stamp Program’s fundamental purpose is to help low-income families, the elderly, and people with disabilities afford an adequate diet, it is designed to promote other goals as well:

- **Protecting families and the overall economy against risk.**
Food stamps are an entitlement program, which means that anyone

Food Stamp Caseloads Closely Track Changes in Poverty and Unemployment

In millions, through October 2009



*Poverty numbers are annual estimates and not yet available after 2008. Spikes in food stamp participants are from disaster food stamps after hurricanes. Sources: Food and Nutrition Service (Food Stamp Program participants); Census Bureau (individuals in poverty); Bureau of Labor Statistics (unemployed individuals).

who qualifies under the program’s rules can receive benefits. As a result, food stamps respond quickly and effectively to support low-income families and communities during times of economic downturn and increased need. Enrollment expands automatically when the economy weakens and contracts when the economy recovers. (See chart: “Food Stamp Program Participants Closely Track Poverty and Unemployment.”)

In this way, food stamps help families bridge temporary periods of unemployment or a family crisis. If a parent loses her job or has a job that pays low wages, food stamps can help her feed her children until she is able to improve her circumstances. Half of all new entrants to the Food Stamp Program in the 1990s participated for eight months or less and then left the program when their immediate need had passed, USDA research has found.

Food stamps also help protect the economy as a whole by helping maintain overall demand for food during slow economic periods. In fact, food stamps are one of the fastest, most effective forms of economic stimulus because they get money into the economy quickly. From December 2007 to October 2009, during the current recession, the number of people receiving food stamps increased by 10.4 million (or about 38 percent). In some of the states that have been hit hardest by the economic downturn, food stamp caseloads have increased by 50 percent or more.

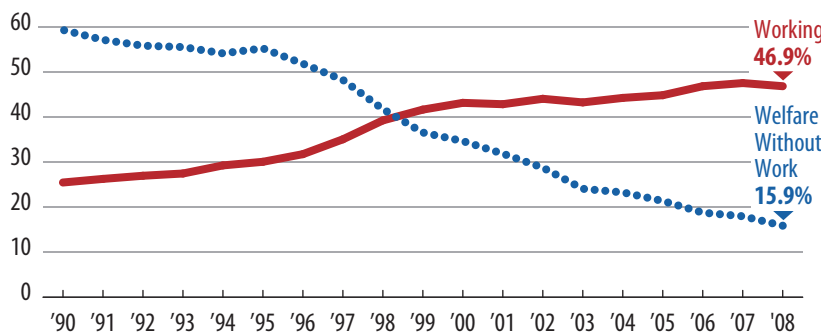
• **Lessening the extent and severity of poverty.**

Food stamps are heavily targeted on the poor. Almost 90 percent of the households that receive food stamps have incomes below the poverty line, and roughly 40 percent of food stamp households have incomes below half of the poverty line (about \$9,155 for a family of three). Also, as noted above, families with the greatest need receive the largest food stamp benefits. These features make food stamps a powerful tool in fighting poverty. Food stamps lifted 2.4 million children out of “deep poverty” (that is, raised their incomes above 75 percent of the poverty line as measured in accordance with National Academy of Sciences recommendations) in 2005, more than any other government program.

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Working Households on the Rise

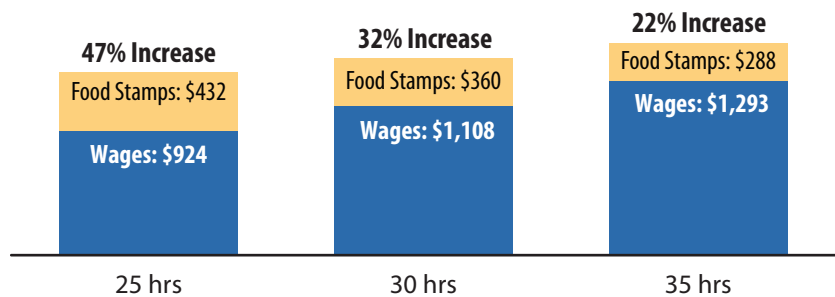
Share of Food Stamp households with children by type of income



“ Food stamps and other nutrition programs have contributed to making severe hunger in America rare.”

Food Stamps Can Dramatically Boost Income

Monthly income for a family of three (based on weekly earnings at \$10/hour*)



*Monthly wages are after payroll taxes (FICA)

- **Supporting and encouraging work.**

Over the last two decades, a large share of food stamp households have become working households. In 2008 nearly three times as many food stamp households worked as relied solely on welfare benefits for their income. (See chart: “Working Households on the Rise.”)

Food stamps help these low-wage working families make ends meet. For a family of three with one wage-earner who works at \$10 an hour, food stamps increase the family’s take-home income by roughly 20 to 50 percent, depending on the number of hours worked. (See chart: “Food Stamps Can Dramatically Boost Income.”).

In addition, the food stamp benefit formula contains an important work incentive. For every additional dollar a food stamp recipient earns, her food stamp benefits decline by only 24 to 36 cents — much less than in most other programs. Families that receive food stamps thus have a strong incentive to work longer hours or to search for better-paying employment.

States further support work through the Food Stamp Employment and Training program (FSET), which funds training and work activities for unemployed adults who receive food stamps.

- **Responding quickly to disasters.**

States can provide emergency food stamps within a matter of days to help disaster victims purchase food. After the hurricanes of 2005, for example, the Food Stamp Program provided more than 2 million households with almost \$1 billion in food assistance.

- **Supporting healthy eating.**

Food stamps enable low-income households to afford more healthy foods. Because they can be spent only on food, food stamps raise families’ food purchases more than an equivalent amount of cash assistance would. Almost 90 percent of the food consumed by food stamp households goes to fruits and vegetables, grain products, meats, or dairy products. In addition, under the Food Stamp

Program all states operate nutrition education programs to help food stamp recipients make healthy food choices. Recent research finds that the nationwide expansion of the Food Stamp Program in the 1960s reduced the incidence of low birthweight and modestly improved infant mortality.

How Effective and Efficient Is the Food Stamp Program?

Food stamps and other nutrition programs have contributed to making severe hunger in America rare. Before the late 1960s, when the federal government began providing nutrition assistance, hunger and severe malnutrition could be found in many low-income communities in the United States. Today, in large part because of these programs, such severe conditions are no longer found in large numbers.

To promote efficiency, the Food Stamp Program has one of the most rigorous quality control systems of any public benefit program, and has achieved its lowest error rates on record in recent years. USDA reports that fewer than 2 percent of food stamp benefits are issued to households that do not meet all of the program's eligibility requirements.

At the same time, the Food Stamp Program is reaching a large share of eligible households. About two-thirds of individuals who qualified for food stamps received them in fiscal year 2007, the most recent year available. This approaches an all-time high, and shows significant improvement from 2001 and 2002, when the participation rate bottomed out at 54 percent after changes from the 1996 welfare law caused many eligible families to lose their food stamps when they stopped receiving welfare.

Even more impressive, 81 percent of the total amount of benefits that would have been delivered in 2007 if every eligible household received food stamps actually were delivered. This rate is higher than the program's participation rate because families that qualify for higher benefits are more likely to participate in food stamps.

Food stamp participation among some groups remains disappointing, however. Just 32 percent of eligible seniors and 56 percent of eligible individuals in working families receive food stamps.

In addition, many low-income households that receive food stamps still have trouble affording an adequate diet — especially in years when food prices are rising quickly. Many families face stark choices between purchasing food and paying for rent and other necessities. If they manage this shortfall by buying less-nutritious foods, it can adversely affect their health: many low-cost, energy-dense foods that contribute to obesity are cheaper than nutritious foods such as fruits and vegetables.

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How Much Does the Food Stamp Program Cost?

In fiscal year 2009, the federal government spent about \$56 billion on the Food Stamp Program. About 90 percent of it went directly to food stamp benefits that households used to purchase food. The remaining 10 percent was used for various related purposes, including administrative costs, a separate food assistance block grant in Puerto Rico and American Samoa, commodity purchases for the Emergency Food Assistance Program (which helps food pantries and soup kitchens across the country), employment and training activities for food stamp households, nutrition education, and commodities for the Food Distribution Program on Indian Reservations.