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HOUSE AGRICULTURE COMMITTEE RECONCILIATION PACKAGE TARGETS FOOD STAMP PROGRAM FOR CUTS

by Stacy Dean and Dorothy Rosenbaum

The House Agriculture Committee passed a bill on October 28th to cut about 300,000 people off the Food Stamp Program. Food stamp cuts would account for \$844 million over five years of the \$3.7 billion of cuts in the Agriculture Committee package.¹ The budget resolution that Congress approved in April required the Agriculture Committee to cut programs under its jurisdiction by \$3 billion over the next five years, but the Agriculture Committee bill complies with unofficial instructions from the House leadership to cut programs more deeply.

While the House Agriculture Committee was meeting to approve these cuts to the Food Stamp Program, USDA issued a report showing that 38.2 million people lived in households that were “food insecure” in 2004 — a government measure of the number of people who have difficulty meeting their food budgets.² The USDA report shows that the number of individuals facing food insecurity increased by almost two million people between 2003 and 2004.

The House food stamp cuts go well beyond what President Bush proposed and farther beyond what the Republican members of the Senate Agriculture Committee have approved. President Bush’s budget proposed that 7 percent of the cuts in Agriculture Committee programs come from the Food Stamp Program. By contrast, under the Agriculture Committee bill, the Food Stamp Program bears almost a quarter of the cuts, over three times the share the President proposed in his budget. In dollar terms, Agriculture Committee food stamp cuts are 50 percent higher over five years than the reductions the President proposed. The Committee increased the food stamp cuts, relative to what the President proposed, while sharply *decreasing* the cuts in agricultural subsidies that the President sought.

The House package contrasts even more fundamentally with the priorities in the reconciliation measure that the Senate Agriculture Committee approved on October 19. The Senate Agriculture

¹ All of the cost estimates and numbers of people losing eligibility cited are from Congressional Budget Office (CBO) estimates.

² More technically, “food insecure” households are households that were at times uncertain of having, or unable to acquire, enough food for all household members because they had insufficient money and other resources for food. *Household Food Security in the United States, 2004*, by Mark Nord, Margaret Andrews, and Steven Carlson, Economic Research Report No. (ERR11), October 2005, available at <http://www.ers.usda.gov/Publications/err11/>.

Committee package — which includes \$4 billion in gross reductions (and \$3 billion in net reductions) in commodity, conservation, and agricultural research programs — makes *no* cuts in food stamps. On a bipartisan basis, Senators on the Agriculture Committee chose not to include the Administration's food stamp cut proposal or to make other cuts in the program.

The Agriculture Committee food stamp cuts represent significant policy changes and would cause considerable hardship to many low-income working parents, elderly people and others who rely on the Food Stamp Program. Each of the principal food stamp provisions would cut off food stamp assistance for substantial numbers of low-income people. These food stamp cuts also would strip states of some flexibility that Congress has provided them in operating the Food Stamp Program.

- **Under the Agriculture Committee's bill, 300,000 food stamp recipients would lose food stamps entirely.** One proposal alone would terminate food stamps to 225,000 people, mostly in low-wage working families with children. Indeed, the majority of the 300,000 people who would be cut adrift under the Agriculture Committee package are members of low-wage working families with children.
- **The Agriculture Committee bill includes another proposal that would terminate food stamps for many additional working-poor parents, as well as some poor elderly individuals, who are legal immigrants; it would do so by making these legal immigrants ineligible for food stamps for *seven years* after entering the United States regardless of how poor they are.**³ Currently, such people are banned from eligibility for food stamps — and for Medicaid and TANF as well — for their first *five* years in the United States. The Agriculture Committee bill would extend this to seven years for food stamps. It would reverse President Bush's successful effort in 2002 to restore food stamp benefits to legal immigrants who have been in the country for five years.

Many of the people whose food stamps would be cut off are individuals who, after working for a number of years, experience a period of unemployment during which they need food stamp assistance. Others are legal immigrants who are currently employed but are paid wages too low to afford an adequate diet while also paying the rent and meeting other necessities. The Congressional Budget Office estimates that 70,000 low-income legal immigrants would be tossed off the Food Stamp Program by this measure.

These food stamp cuts would come on top of cuts that other House Committees are making in various other assistance programs for low-income families and individuals, including Medicaid, the Child Support Enforcement Program, the Supplemental Security Income Program (SSI) for poor people who are elderly or have serious disabilities, and the Foster Care Program.⁴

In addition to the food stamp eligibility cuts, the Agriculture Committee bill would fully match administrative expenses associated with providing food stamps to victims of Hurricane Katrina. (Currently, states and the federal government share such administrative costs evenly.) It would also

³ Undocumented (or illegal) immigrants have never been eligible for food stamps.

⁴ See, *Ways and Means "Chairman's Mark" Targets Key Low-income Programs*, by Sharon Parrott, available at <http://www.cbpp.org/10-25-05wel.htm> and *Energy and Commerce "Chairman's Mark" Imposes New Costs on Low-income Medicaid Beneficiaries*, by Victoria Wachino, available at <http://www.cbpp.org/10-25-05health.htm>.

provide funds to replace emergency food that food banks around the country provided in response to the disaster. These are sound proposals. Unfortunately, they are dwarfed by the size of the food stamp cuts.

Finally, the bill does *not* include two non-budgetary proposals that would severely undermine the fundamental structure of the Food Stamp Program. These provisions — a five-state block grant and “superwaiver” — have been included in the House’s TANF reauthorization bills the last several years. The Ways and Means Committee has included the parts of TANF reauthorization that are in its jurisdiction in its reconciliation package, including its portion of a superwaiver. Although the Agriculture Committee did not follow suit, the Chairman may still seek to insert these provisions when the reconciliation bill goes to the Rules Committee. This has been how they have been incorporated in each prior version of the TANF reauthorization bill. The proposals would allow states to shift unlimited amounts of money out of food assistance for low-income families into other programs. They would undermine the national benefit structure (established by Pres. Nixon in 1974) by allowing states to overturn virtually all of the current program rules and would begin to unravel the fundamental guarantee of food assistance that the Food Stamp Program provides.⁵

The next three sections describe in more detail the principal food stamp proposals in the Agriculture Committee bill.

1. Restricting Food Stamp Categorical Eligibility to TANF Cash Assistance

The Agriculture Committee adopted a proposal in the President’s budget that would strip states of flexibility provided them in the 1996 welfare law to coordinate certain aspects of food stamp eligibility with the eligibility rules used for state TANF programs. More than 40 states take advantage of this option. Eliminating the option, as the President proposed and the Agriculture Committee bill would do, would terminate 225,000 people from the Food Stamp Program, according to the Congressional Budget Office, and would cut food stamp spending by \$574 million over five years.⁶

The impact of this cut would be borne primarily by certain low-income working families with children. These families, some of whom recently have ceased receiving TANF cash assistance and now are working for low wages, would be cut off food stamps. They would be terminated because, even though their net income (their income after deducting certain expenses such as child care costs) is below the poverty line, they have gross income slightly above 130 percent of the poverty line (the Food Stamp Program’s gross income limit) or have assets modestly above the Food Stamp Program’s \$2,000 asset limit. The asset limit has not been changed, or even adjusted for inflation, in 20 years.⁷

⁵ For more information see *Five-state Food Stamp Block Grant Proposal in House Welfare Bill would Risk Serious Harm to Low-income Families*, available at <http://www.cbpp.org/5-13-02fs.htm> and *The Superwaiver would Cause Serious Damage to the Food Stamp Program and Place Benefits for Low-income Families at Risk*, available at <http://www.cbpp.org/5-13-02fs2.htm>.

⁶ CBO estimates that 225,000 individuals lose eligibility under this proposal. The Bush Administration estimates that 300,000 people would lose eligibility under this provision. According to CBO, the provision saves \$569 million after the interaction with the immigrant cut is taken into account.

⁷ For a more detailed description of the proposed cut see *Administration’s Budget Proposes to Cut the Food Stamp Program*, by

Some proponents of the food stamp cuts have suggested that the households that would lose categorical eligibility for food stamps under the House bill could still get food stamps if they apply under regular program rules. This is not true. The Congressional Budget Office cost estimate of the House Agriculture Committee's reconciliation bill states: "CBO estimates that about 225,000 people who are categorically eligible based on non-cash benefits would not be able to meet the income and asset tests for the program." The 225,000 people would lose eligibility *all together*. If they did reapply they would be found ineligible. There would be many others who would reapply and be found eligible under regular program rules. The majority of food stamp households, including most working households that receive food stamps, would not be affected by the change.

- **This proposal would eliminate state flexibility to simplify food stamp eligibility rules for households assisted under various TANF-funded programs.** More than 40 states have used this flexibility to make households receiving certain TANF-funded benefits or services eligible for the Food Stamp Program. For example, Pennsylvania has created a link between its TANF-funded child care program, which provides child care subsidies to low-income working families, and the Food Stamp Program. In Arkansas, the state has aligned eligibility between food stamps and its TANF-funded two-month transportation assistance program for families leaving cash assistance for work.
- **Some low-income households in all of the more than 40 states that have adopted the option would have their food stamp assistance terminated. Eleven states would be hardest hit.** States would be required to cut off food stamps for households that participate in a TANF-funded program (other than cash welfare assistance) and have net income below the poverty line, but do not meet the food stamp gross income limit (or do not meet the restrictive food stamp asset limit). Eleven states — Delaware, Maine, Maryland, Massachusetts, Michigan, North Dakota, Oregon, South Carolina, Texas, Washington, and Wisconsin — would bear a disproportionate share of the cuts. These states have aligned their food stamp eligibility rules with rules that they use to determine eligibility for a TANF-funded service.
- **The state option that the Agriculture Committee would eliminate allows states to ease the gross income test and asset test, but does *not* result in non-needy families being able to participate in the Food Stamp Program.** All households must still have net income below the poverty line and must apply for food stamps through the regular food stamp application process, which has a rigorous process for documenting applicants' income and circumstances.
- **Adopting the cut would be burdensome for states.** Eliminating this option will require over 40 states to alter their food stamp eligibility rules, modify their computer systems, reprint applications, outreach materials and program manuals, and retrain staff. In addition, states that have used this option to simplify asset rules or reduce asset verification requirements would have to devote new administrative resources to carrying out the new federal rules, which would be more burdensome and costly to administer. Since elimination of this option would make food stamp rules more complicated, it also could result in an increase in food stamp error rates.

It has been noted that the Congressional Budget Office (CBO) assumes that nearly \$30 million of the total savings from this provision will come from the school meals programs. This is because

Stacy Dean, available at <http://www.cbpp.org/3-4-05fa.pdf>.

children in households that receive food stamps are automatically eligible for free school meals without further application. (The school meals programs rely upon the very rigorous food stamp application and eligibility review process.) If these households lose food stamp eligibility, they will also lose this automatic link to free school meals and will have to apply for meals under the regular system. Some of the children are in households with income below 130% of the poverty line and will remain eligible for free meals. Some will be income-ineligible for free meals, despite their very low net income. These households will be eligible for reduced-price school meals which are available to children with income up to 185% of the poverty line. Children pay a maximum of 40 cents for a reduced-price lunch and 30 cents for a reduced-price breakfast.

2. Eliminating Eligibility for Certain Legal Immigrants

The 1996 welfare law eliminated food stamp eligibility for the vast majority of legal immigrants. (Undocumented or “illegal” immigrants have never been eligible for food stamps.) In 2002, Newt Gingrich stated that the restrictions on legal immigrants’ eligibility for food stamps enacted in 1996 were “one of the provisions [in the welfare law] that went too far.”⁸

Congress has restored eligibility to certain groups of legal immigrants. Legislation enacted in 2002 allows legal immigrant adults who meet all of the Food Stamp Program’s eligibility criteria to participate in the program after they have been in the country for five years. This policy was proposed by the Bush Administration and adopted by Congress on a bi-partisan basis with overwhelming support.

The Agriculture Committee’s bill would roll back the 2002 restoration by requiring these legal immigrant adults to wait 7 years before being able to participate in the Food Stamp Program. According to CBO estimates, 70,000 low-income legal immigrants would lose food stamps under this proposal, many of whom were recently welcomed back on to food stamps as part of outreach conducted by USDA after the 2002 restoration. CBO estimates that food stamp spending would be cut by \$275 million over five years as a result of this proposal.

- **The provision would primarily impact low-income families with children.** The large majority of people who would be barred from the Food Stamp Program for another two years under this proposal are parents in low-wage working families with children. Some elderly legal immigrants also would be barred. The provision would not require legal immigrant children to wait seven years to qualify, but cutting off food stamp assistance for their parents would mean that the amount of food assistance these children’s families received would be sharply reduced, effectively reducing the nutrition assistance available to the children as well.

Approximately 20 percent of the U.S. low-wage work force is comprised of immigrants. Many low-wage immigrants work in the fields, clean houses, or are employed as nannies. Delaying their access to food stamps for up to another two years would delay their ability to afford an adequate diet and significantly increase hardship for their families.

- **Immigrant families with children have lower incomes and higher hardship levels than native-born families, despite strong work effort and family structure.** Most low-income

⁸ Robert Pear, “White House Seeking to Restore Food Stamp Aid for Noncitizens,” New York Times, Jan. 9, 2002.

children of immigrants live in working, married, two-parent families. Almost eighty percent of low-income children of immigrants live in two-parent families.⁹ Their parents tend to have low-wage jobs with limited benefits. Forty-two percent of working immigrant families are low-income, compared with 21 percent of native families.¹⁰ The U.S. Commission on Immigration has noted that, “deny[ing] legal immigrants access to...safety nets...would lead to gross inequities between very similar individuals and undermine our immigration goals to reunite families and quickly integrate immigrants into American society.”¹¹

- **This proposal will create inconsistency across low-income assistance programs.** The Food Stamp Program, TANF, and Medicaid all have a five-year bar for legal immigrants. The Agriculture Committee proposal would eliminate this coordination of eligibility across programs and would complicate program administration by putting Food Stamp Program rules out of sync with those used in TANF and Medicaid.

3. Providing Modest Relief Related to Disaster Assistance after Hurricanes Katrina and Rita

The Agriculture Committee bill would fully match administrative expenses associated with providing food stamps to victims of Hurricanes Katrina and Rita. (Currently, states and the federal government share such administrative costs evenly.) States would be provided with a 100 percent federal match for administrative costs associated with running Food Stamps in the areas designated as disaster areas. It also appears that this proposal would reimburse states for administrative costs involved in processing individuals displaced by the disaster under special food stamp rules. CBO estimates the administrative match would cost \$38 million.

No doubt, states serving disaster victims need increased federal support to operate their Food Stamp Programs as well as administrative flexibility to manage rising caseloads. The Food Stamp Program was one of the “first responders” in getting assistance to hurricane victims. According to USDA states enrolled over 900,000 households in food stamps within the first month after the Hurricane hit, providing over \$400 million in food stamp benefits. States clearly experienced unforeseen costs as a result of the hurricane and a small, albeit important, step in providing relief to the region and to affected states is to reimburse their administrative costs.

In addition, the bill would provide a much-needed \$12 million to The Emergency Food Assistance Program (TEFAP) for commodity purchases for food banks. These funds would be specifically for food banks in states with areas that received a disaster declaration during Hurricanes Katrina and Rita as well as surrounding states. The funds should allow the food banks in the region to replenish their depleted food stocks.

⁹ See *The Health and Well-being of Young Children of Immigrants*, by Randy Capps, et. al., The Urban Institute, 2004.

¹⁰ See *A Profile of Low-income Working Immigrant Families*, by Randy Capps, et. al., The Urban Institute, June 2005.

¹¹ See Testimony of Susan Martin Executive Director, U.S. Commission on Immigration Reform, before the U.S. Senate Committee on the Judiciary Subcommittee on Immigration February 6th, 1996.

Conclusion

The Agriculture Committee bill contains cuts in the Food Stamp Program that would result in the termination of assistance for approximately 300,000 low-income people.

The total cuts in the Agriculture Committee measure — \$3.7 billion — are nearly 25 percent greater than the level of cuts that the committee was assigned by this year's budget resolution. The \$844 million in food stamp cuts stands in stark contrast to the Senate Agriculture Committee's version of the reconciliation bill which does not include any food stamp cuts.

While the Committee did include two small provisions related to Hurricanes Katrina and Rita, the benefit of these policies is dwarfed by the large benefits cuts in the Food Stamp Program. As noted, these cuts would be on top of cuts in low-income programs under other committees' jurisdiction, including Medicaid, Child Support, Foster Care and the Supplemental Security Income Program. Taken together, a substantial share of the cuts in the House reconciliation legislation would fall on low-income families and individuals.