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HOUSE RECONCILIATION BILL TARGETS FOOD STAMP PROGRAM FOR CUTS

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According to the Congressional Budget Office, the budget reconciliation bill the House passed on November 18 would cut 255,000 people off the Food Stamp Program, the large majority of whom live in low-income working families. This number includes:

- 70,000 legal immigrants who have been in the United States for between five and seven years and consist primarily of working-poor parents and poor elderly individuals; and
- 185,000 people, most of them in low-income working families with children, who have net incomes below the poverty line.

As a result, the basic nutritional assistance the program provides would be cut by nearly \$700 million over five years, according to the Congressional Budget Office (CBO).

The House's food stamp cuts come at a time of rising need for food assistance. In October, the U.S. Department of Agriculture (USDA) issued a report showing that in 2004, some 38 million Americans lived in households that were "food insecure," meaning they had difficulty affording food.¹ The number of individuals facing food insecurity increased by almost two million people between 2003 and 2004 and has increased by more than 6 million people since 1999. In 2004, more than one in ten American adults and nearly one in five American children lived in food-insecure households.

Similarly, the number and percentage of Americans living in poverty has risen for four straight years. In 2004, 37 million people were poor, according to the Census Bureau, an increase of 17 percent since 2000. The number of Americans living in deep poverty — with family incomes below *half* of the poverty line — rose even faster, by 24 percent from 2000 to 2004.

¹ More technically, "food insecure" households are households that at times are uncertain of having, or unable to acquire, enough food for all household members because they have 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/>.

The food stamp cuts in the House budget reconciliation package contrast sharply with the budget reconciliation measure the Senate approved on November 3. The Senate package makes *no* cuts in food stamps. On a bipartisan basis, senators on the Agriculture Committee chose to meet their budget target through measures other than cutting food stamps.

The House food stamp cuts would cause considerable hardship to many low-income working parents, elderly people, and others who rely on food stamps. Substantial numbers of low-income people would lose food stamps entirely. (Although the cuts were eased by changes made shortly before the House voted on the bill, those changes were modest, and the bulk of the food stamp cuts remain. The changes reduced the number of people who would be terminated from food stamps from 295,000 to 255,000, and reduced the size of the food stamp cut from \$844 million over five years to \$697 million.)

The House bill also would strip states of some flexibility that Congress has provided them to coordinate the Food Stamp Program with other forms of low-income assistance and thereby to make program administration more efficient. Both the National Governor's Association and the American Public Human Services Association, which represents state and local administrators of food stamps and other programs, oppose the House food stamp cuts and have called for them to be dropped in the House-Senate conference on the budget bill.

These cuts would *not* be used to reduce the deficit or to offset the costs of large-scale hurricane relief and reconstruction for the Gulf Coast region. Instead, they would be used to offset partially the cost of the tax-cut reconciliation bill, which would reduce revenues by more than the total savings in the House budget bill and would disproportionately benefit the nation's more affluent individuals.

In addition to the food stamp eligibility cuts, the House bill would fully cover, for a temporary period, the administrative expenses associated with providing food stamps to victims of Hurricane Katrina. (Currently, states and the federal government share such administrative costs evenly.) It also would provide funds to replace emergency food that food banks in areas affected by Hurricane Katrina provided in response to the hurricane. These are sound proposals, but at an expected cost of \$50 million, they are dwarfed by the nearly \$700 million in food stamp cuts. (Note: The net savings from all of the House food assistance provisions would be a reduction of \$647 million over five years.)

Eliminating Food Stamp 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."²

² Robert Pear, "White House Seeking to Restore Food Stamp Aid for Noncitizens," New York Times, Jan. 9, 2002.

House Bill Also Would Increase Hunger Through Other Cuts in Aid for the Poor

The House bill contains cuts to a number of other low-income assistance programs as well. By shifting billions of dollars away from low-income families and straining their household budgets, these other cuts would further reduce resources available to these households for food.

- The bill contains nearly \$30 billion in Medicaid cuts over ten years that would directly affect low-income beneficiaries by increasing their out-of-pocket health costs or reducing the services Medicaid covers. One study from Oregon showed that one-third of low-income households that were subject to increased health care costs (as a result of increases in co-payments and premiums and reductions in covered services) had to cut back on food to pay for medical costs.¹
- The bill's underfunding of child care assistance means that over the next five years, 330,000 child care slots for low-income working families not receiving cash welfare assistance would disappear. Many of the parents of these children would have to cut back on food and other essentials to pay child care costs. Some parents could be forced to leave work altogether if they could not afford child care.
- The House bill contains deep cuts in federal funding for activities that enforce child support obligations. In recent years, states have stepped up efforts to ensure that non-custodial parents pay the child support they owe. This not only encourages personal responsibility but also helps ensure that the parents caring for children can afford necessities like food, rent, clothing, child care, and health care. CBO estimates that \$24 billion in child support payments would go uncollected over the next ten years because of the cuts in the House bill.

Subsequently, Congress restored eligibility to certain groups of legal immigrants. Legislation enacted in 2002, for example, 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 bipartisan basis, with overwhelming support.

The House budget reconciliation bill would roll back the 2002 restoration by requiring legal immigrant adults to wait seven years (rather than five) before being able to participate in the Food Stamp Program. By 2008, 70,000 low-income legal immigrants would lose food stamps under this proposal, according to the Congressional Budget Office. CBO also estimates that this proposal would reduce food stamp benefits by \$255 million over five years.

- **The provision would primarily affect 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. The provision would not require legal immigrant *children* to wait seven years to qualify for food stamps, but cutting off their parents' food stamps would sharply reduce the amount of food assistance these children's families received, effectively reducing nutrition assistance available for children as well. As a result, the number of people affected by this proposal goes well beyond the 70,000 who would be cut off.

- **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 children of immigrants live in working, married, two-parent families. Almost 80 percent of low-income children of immigrants live in two-parent families.³ Their parents tend to have low-wage jobs with limited benefits: 42 percent of working immigrant families are low-income, compared with 21 percent of native families.⁴ The U.S. Commission on Immigration noted a number of years ago 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.”⁵
- **Despite reports to the contrary, some low-income immigrant seniors and people with disabilities also would lose food stamps.** Under the House bill, people over age 60 who have been in the United States for between five and seven years would lose food stamp eligibility. (The cut-off would phase in over two years, as explained below.)

In addition, contrary to what some Members of Congress have reported, some legal immigrants with disabilities would be cut off food stamps under the House bill. While the 2002 Farm Bill restored food stamp eligibility to legal immigrants who have disabilities, the Food Stamp Program relies on other programs to determine that a person is classified as “disabled.” Since legal immigrants who entered the United States after 1996 cannot qualify for the Supplemental Security Income (SSI) program, and many states do not have Medicaid programs that have disability tests that are sufficiently rigorous to meet food stamp standards, some low-income adults with disabilities who have lived in the United States for between five and seven years have no way to secure a disability classification and thus would be cut off food stamps under the House bill.

- **This proposal would create inconsistency across low-income assistance programs.** The Food Stamp Program, TANF, and Medicaid all bar legal immigrants from receiving assistance during their first five years in the country. The House bill would eliminate this coordination of eligibility across programs and complicate state administration of these programs by putting Food Stamp Program rules out of sync with those used in TANF and Medicaid.

Rules Committee Changes to Immigrant Cut Are Both Minor and Temporary

Shortly before the House bill came to the floor, a change was made by the House Rules Committee that some have mistakenly assumed represented a major easing of the food stamp cut for poor legal immigrants. In fact, the change is both minor and temporary.

The change would exempt from the food stamp cut those legal immigrants who are participating in the Food Stamp Program at the time the law is enacted *and* either are age 60 or older or have

³ See *The Health and Well-being of Young Children of Immigrants*, by Randy Capps, et. al., The Urban Institute, 2004.

⁴ See *A Profile of Low-income Working Immigrant Families*, by Randy Capps, et. al., The Urban Institute, June 2005.

⁵ 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 6, 1996.

applied to naturalize for citizenship.⁶ This change reduced the overall savings from the immigrant cut from \$275 million to \$255 million over five years — a reduction of just 7 percent. Moreover, this modest reduction in savings comes entirely in the first two years, during which 50,000 people rather than the original 70,000 people would be cut off food stamps in an average month. By 2008, all of the original cut would be in effect, with the full 70,000 legal immigrants losing eligibility each month, according to CBO.

This exemption would do nothing even for the first two years for the tens of thousands of *non-elderly* working-poor legal immigrant parents, and legal immigrants with serious disabilities, who have not applied to naturalize on the day that the law is enacted. These people would be terminated swiftly once the legislation was signed.

The exemption also would do nothing for elderly legal immigrants who are not currently enrolled in food stamps. If an elderly legal immigrant who has been in the country for six years and is trying to get by without assistance falls into poverty this winter — or finds that with rising heating bills, she can no longer make ends meet without food stamp aid — she would be denied food stamps.

A final problem that bears noting is that many immigrants do not apply to naturalize as soon as they are eligible because the citizenship application process is expensive and cumbersome to navigate. To become a naturalized U.S. citizen, legal immigrants must pay a significant fee (currently \$330) and pay for fingerprints (currently \$70), as well as submit numerous supporting documents. The citizenship process also is complex, and many legal immigrants feel they must consult immigration attorneys before pursuing citizenship. Many low-income legal immigrant workers who are struggling to make ends meet are likely to choose to pay their bills and put food on the table for their families rather than use their limited funds in applying immediately for citizenship.⁷

Restricting Food Stamps for People Receiving TANF-Funded Services

The House bill includes a modified version of a proposal contained in the Administration's budget that would restrict flexibility provided to states in the 1996 welfare law to coordinate certain food stamp and TANF eligibility rules. More than 40 states take advantage of this option, which enables them to declare certain people automatically (or "categorically") eligible for food stamps if they receive a TANF-funded benefit or service. According to CBO, this House provision would eliminate food stamp eligibility for 185,000 people in an average month and cut food stamp benefits by almost \$450 million over five years.⁸

⁶ Technically, the language also exempts individuals who have been approved to naturalize and have not yet taken the oath. But immigrants cannot be approved to naturalize if they have not already applied for naturalization. So, this is not an additional exemption.

⁷ The application fee can be waived, but the waiver is not automatic and a request for such a waiver must be accompanied by documentation of the immigrant's economic circumstances. If the waiver is denied, the immigrant has to begin the application process over again. The fee waiver does not apply to the fingerprint fees.

⁸ CBO Director, Douglas Holtz-Eakin, letter to Chairman Bob Goodlatte, December 1, 2005, <http://www.cbo.gov/ftpdocs/69xx/doc6910/NutritionLetter.pdf>.

The House provision also would have another, indirect effect. Children in households that receive food stamps are automatically eligible for free school meals. If these households lose food stamp eligibility, they will also lose this automatic link to free school meals. The House bill gives states and school districts the option to continue providing free school meals to these children, but as explained below, experience suggests that many of these children would still lose free meal eligibility.

Background

Historically, low-income families with children that receive cash welfare assistance, as well as poor elderly people and people with disabilities who receive Supplemental Security Income (SSI) benefits, have been considered automatically (or “categorically”) eligible for food stamps. States still must review fully these households’ income and other circumstances to determine the *amount* of food stamp benefits for which they qualify. Therefore, these households must complete food stamp applications, usually have a face-to-face interview with a state official, and provide documentation of their financial circumstances.

In addition, these households must have net income (income after certain deductions) at or below the poverty line. This requirement ensures that food stamp benefits are targeted to those unable to afford an adequate diet. A family with net income above the poverty line does *not* qualify for food stamps even if it is “categorically eligible” for food stamps because of its receipt of cash welfare assistance or SSI.⁹

When Congress converted the AFDC cash assistance program to the Temporary Assistance for Needy Families block grant (sometimes referred to as the welfare reform block grant) in 1996, it replaced the link between food stamp eligibility and AFDC eligibility with a provision allowing states to link food stamp eligibility to eligibility for programs funded under the TANF block grant. This option has given states the flexibility to simplify food stamp eligibility rules for households assisted under various TANF-funded programs, such as child care assistance or employment support services.

More than 40 states have used this flexibility to create an eligibility link between certain TANF-funded services and the Food Stamp Program. For example, Missouri has created a link between food stamps and various TANF-funded services for families that are transitioning off of welfare, such as intensive case management and a structured job-site mentoring program. Families that meet the eligibility standards for these TANF-funded programs and have net incomes below the poverty line may receive food stamp benefits if they apply through the regular food stamp application process.

How This Option Can Affect Food Stamp Eligibility

When a state uses this option to align food stamp eligibility with eligibility for a TANF-funded benefit, it imports two specific eligibility rules from the TANF-funded benefit or service — the

⁹ An exception is made for households with one or two members, who may have net income above the poverty line and still qualify for a minimum benefit of \$10. The minimum benefit has been in effect for many years to ensure that all seniors and people with disabilities in need of food assistance can qualify for help from the Food Stamp Program.

gross income limit and the asset limit — into its Food Stamp Program. Other food stamp eligibility and benefit rules continue to apply.

For example, the option allows states to align their food stamp gross income limit with the gross income limit used for the TANF-funded benefit that a family receives. (The Food Stamp Program’s gross income limit is 130 percent of the poverty line; households with an elderly or disabled person are not subject to the gross income limit.) Under this option, for example, if a state provides a TANF-funded benefit or service to households with gross incomes up to 150 percent of the poverty line, the state may consider these households for food stamps as well. It should be noted, however, that such households still must have net income at or below 100 percent of the poverty line; if they do not, the households remain ineligible for food stamp assistance. This assures that assistance is targeted to those households with gross incomes modestly above 130 percent of the poverty line who, after paying for work-related expenses and certain other essential items such as housing and child care, lack sufficient resources to afford an adequate diet.

Moreover, since most food stamp deductions are capped, it is highly unlikely that many families with incomes much higher than 130 percent of the poverty line are determined eligible for food stamps as a result of this option. The families that benefit from this option generally are families that have incomes just above 130 percent of the poverty line and also have high housing and/or child care costs, in part because they do *not* receive assistance from a government housing or child care program. (Housing and child care programs are not entitlements and serve only a fraction of the low-income families that qualify for them.)

In short, the option does not make non-needy families eligible for food stamps. The option also helps the Food Stamp Program provide equitable treatment to two groups of households that have similar amounts of income available to purchase food: households that have somewhat higher gross incomes but receive no child care or rental subsidies, and households that have somewhat lower gross incomes but do receive such subsidies.

The House Proposal

The Administration’s budget proposed eliminating this state option altogether. The House-passed bill allows certain TANF-funded services that are “substantial and ongoing” to continue to confer categorical eligibility for food stamps *if* the services are for shelter, utilities, child care, health care, transportation, or job training *and* the household has gross income under 150 percent of the poverty line.

It is not clear how terms such as “substantial and ongoing” would be defined or how complicated it would be for states to administer the option with these conditions attached to it (and thus how many states would continue to use the option). CBO has concluded that the effect of the House provision would be similar to the effect of the Administration’s proposal to eliminate the option completely. CBO estimates the savings from the House provision at \$447 million over five years, an amount only 18 percent smaller than CBO’s estimate of the savings from the Administration’s original proposal (\$546 million). Stated another way, CBO estimates that 82 percent of the cut that the Administration proposed in this area would remain under the House bill.

The Food Stamp Program Is Efficient and Effective

Substantial evidence indicates that the Food Stamp Program is both efficient and effective.

- **Food stamp benefits are modest.** Food stamp benefits are based on the amount that USDA has determined is minimally necessary for households to purchase a nutritiously adequate diet. Food stamp benefits average just \$1 per person per meal.
- **Food stamp error rates are at an all-time low.** USDA data show that over 98 percent of food stamp benefits go to eligible households. The official combined food stamp error rate (which adds together overpayments *and* underpayments) reached its sixth consecutive all-time annual low in 2004, at 5.88 percent. (Total overpayments themselves constituted just four percent of benefits, and the net loss to the government — i.e., the cost of overpayments *minus* the savings from underpayments — equaled three percent of benefit costs.) Until recently, 6 percent was the threshold that the Food Stamp Act established for exemplary performance; a combined error rate below 6 percent qualified a state for a bonus payment or enhanced funding. Now, because of improved payment accuracy, the national average is below this exemplary level. Food stamp error rates compare favorably to those in other government programs for which data are available. For example, the Internal Revenue Service estimates a noncompliance rate with federal personal income taxes of at least 15 percent.
- **Food stamps respond quickly to changes in the economy.** After unemployment insurance, the Food Stamp Program is the federal benefit program most responsive to the economy. Food stamp participation and costs have grown since 2000, primarily because of the economic slowdown that turned into a recession in 2001 and because the number of people living in poverty has risen for four consecutive years. This growth in food stamp benefits followed six years of *declining* participation and costs which occurred primarily because of the strong economy of the late 1990s.

Impact of the “Categorical Eligibility” Cut

Most of the people who would lose food stamps under the House provision are low-income working families with children, many of whom recently ceased receiving TANF cash assistance and now are working for low wages. They would be terminated because, even though their net income is below the poverty line, their gross income is above the Food Stamp Program’s limit of 130 percent of the poverty line or their assets are modestly above the program’s \$2,000 asset limit, which has not been changed or even adjusted for inflation in 20 years.

The provision would have the following effects.

- **The provision would affect households in a majority of the states.** More than 40 states have implemented the existing option to make households receiving certain TANF-funded benefits or services eligible for food stamps, with some states using the option more extensively than others.¹⁰ The Administration’s budget proposed to eliminate this option entirely. While the House bill would permit states to retain the option for certain TANF-funded services, CBO’s analysis is that the effect of the House provision would be similar to that of the original

¹⁰ 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 for which a substantial share or all of food stamp caseload is eligible.

Administration proposal to eliminate the option. As noted above, CBO reduced its estimate of the savings from the provision by only 18 percent, from \$546 million to \$447 million over five years, as a result of the changes that the House made to the Administration's proposal.

- **Households that lose eligibility for food stamps could not just reapply.** Some proponents of the House provision have suggested that households that lose categorical eligibility for food stamps under the House bill could still get food stamps if they apply under regular program rules. This, however, is not the case. CBO's estimate that 185,000 people would lose food stamp eligibility means that if these people did apply, they would be found ineligible.
- **The House provision would place burdens on states.** Eliminating this option would require many 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. Both the National Governor's Association and the American Public Human Services Association, which represents the state agencies that operate the Food Stamp Program, oppose the cut and have called for the House provision to be revised in conference.

Some Children Likely Would Still Lose Eligibility for Free School Meals

Children in households that receive food stamps are automatically eligible for free school meals. Households that lose food stamps as a result of the House provision cut would also lose their automatic link to free school meals. Some of these children are in households with income below 130 percent of the poverty line and would remain eligible for free meals if they applied through the regular application system. Others would qualify for reduced-price (rather than free) meals if they applied under the standard application system.¹¹

The House added language to the bill that has been described as assuring that children in families that lose food stamp eligibility will not also lose free school meals. In fact, this language would simply provide states and school districts with the option of continuing to make eligible for free school meals those children whose families would be cut off food stamps under the House bill. It would be a state and local decision as to whether to implement this option. History suggests that a substantial number of states and school districts would not implement it because of the administrative issues and burdens involved.

In order for children in families cut off food stamps to automatically be enrolled in free school meals, states would have to provide information to local school districts indicating which children are members of families that receive TANF-funded benefits. The schools, in turn, would need to use this information to enroll these children for free school meals. Past experience with a similar option (described below) suggests that while some states and school districts would adopt this procedure, others would not. Experience also suggests that even in districts that did adopt the procedure, many children eligible for free meals under the provision would be missed. As a result,

¹¹ Children eligible for reduced price meals pay up to 40 cents for lunch and 30 cents for breakfast.

some children in families that would be cut off food stamps under the House bill almost certainly would lose free school meals.

- **Problems with a similar option in the current school meals programs show the limitations of the new House option.** Under existing law, children in households that receive food stamps, TANF cash assistance, or benefits under the Food Distribution Program on Indian Reservations (FDPIR) are categorically eligible for free school meals. For the past 15 years, school districts have had the option of bypassing the standard school meals application process for such children and “directly certifying” these children for free meals, based on documentation from the appropriate state or local agency that a child’s family participates in one of these other programs. This process is known as “direct certification.”

USDA-funded research has found, however, that at least 60 percent of children who receive one of the above kinds of benefits are *not* directly certified. Instead, these children either qualify based on a regular school meals application or miss out on free school meals altogether.¹²

The House reconciliation bill would essentially broaden the current “direct certification” option to include other TANF-funded benefits and services (in addition to TANF cash assistance, which is covered under the current “direct certification” option). This broadening of the existing option is intended to ensure that children who lose food stamps because of the bill’s food stamp cuts do not also lose school meals. Since the direct certification option does not appear, however, to work for the majority of children eligible for it, broadening the option in this manner is not likely to prevent a significant number of children from losing free school meals when their families are cut off food stamps.

- **Many school districts never implemented the direct certification option.** One of the main reasons that many eligible children are not directly certified for free school meals now is that a substantial number of state welfare agencies and local school districts have not implemented the option because of administrative concerns. For example, many state welfare agencies and school districts do not have compatible computer systems; some school districts do not have computer systems at all. As a result, until now, more than one-third of all school districts have not attempted to identify children receiving food stamps or other benefits so as to directly certify them for free meals.

To implement the new option under the House bill, state TANF agencies would have to provide information in usable form to the state education agency or local school districts on all children who receive TANF benefits or services. State TANF agencies would be under no requirement to compile and provide this information. Furthermore, because TANF benefits and services often are provided by community organizations, the state TANF agency may not actually know which children receive a TANF benefit or service. It also is unclear how many school districts would choose to, or be able to, implement a system to use this information effectively and efficiently if the state TANF agency provided it.

¹² See *Direct Certification in the National School Lunch Program—Impacts on Program Access and Integrity*, prepared by Mathematica Policy Research, Inc. under a research contract with the Economic Research Service, USDA, Report Number E-FAN-03-009, October 2003, Table II.7, available at <http://www.ers.usda.gov/publications/efan03009/efan03009.pdf>.

Congress is well aware that many states and school districts have declined to institute the direct certification option. This, is why Congress last year added to federal law a *mandate* (which has not yet been implemented) that school districts conduct direct certification for children in households receiving food stamps. In the absence of such a requirement, many states and local school districts would not use direct certification at all.

The House budget bill contains no similar requirement that states and school districts institute the bill's new direct certification option for children whose families receive TANF-funded benefits or services. A substantial number of states and local areas likely would decline to institute the new option for administrative reasons.

- **Even in school districts that do institute the new option, many children eligible for the option would likely be missed.** In school districts that have adopted direct certification for children receiving food stamps or other benefits, at least *two of every five* children who could be directly certified are not identified in the direct certification process.¹³ This commonly because of flaws in data matching between the two systems. Similar results are likely in school districts that attempt to use the new option to directly certify children who receive one of a wider range of TANF benefits or services.

Adding to these concerns, children terminated from food stamps under the House bill who live in a school district that does not adopt the new option, as well as children whose school district adopts the new option but who are missed in the direct certification process, may have considerable difficulty demonstrating to their school district that they receive a TANF benefit or service that qualifies them for free meals (if their families should even know to attempt to pursue this route). Children receiving food stamps who fall through the cracks in the *current* direct certification process have the fallback of completing a school meals application and providing their food stamp case number; this qualifies them for free meals. But such an opportunity may not exist under the new House option for children who receive other TANF benefits or services. Since these children will no longer receive food stamps, they will no longer be able to provide a food stamp case number, and the TANF-funded service or benefit the family gets may not assign case numbers. Moreover, a family often would not know that the service it receives is supported with TANF funds.

For example, a parent participating in a local job training program may not know that TANF is one of the funding sources for the job training program. The parent also may not be assigned a case number. If such a parent completes a school meals application for her children but does not provide a case number for a specific TANF-funded benefit or service, the children will lose their automatic eligibility for free meals.

Providing Modest Relief After Hurricanes Katrina and Rita

Under the House bill, the federal government would temporarily pay for all of the administrative costs of providing food stamps to victims of hurricanes Katrina and Rita in the affected states of the Gulf Region. (Currently, states and the federal government share administrative costs evenly.) The House bill apparently also would fully cover the administrative costs that other states are incurring in

¹³ See *Ibid.*

processing, under special food stamp rules, food stamp applications from low-income hurricane victims who have evacuated to their states. CBO estimates these provisions would cost \$38 million.

These provisions are both sound and appropriate. 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 extending assistance to indigent hurricane victims. More than 900,000 households enrolled in food stamps within the first month after the hurricanes hit, according to USDA. States experienced unforeseen food stamp administrative costs as a result of the hurricanes, and reimbursing them for these costs is a small but important step in providing relief to the affected states.

The House bill also would provide a needed \$12 million to The Emergency Food Assistance Program (TEFAP) for commodity purchases for food banks. These funds would go to food banks in states with areas that received a federal disaster designation during the hurricanes, as well as surrounding states. The funds should allow the food banks in the region to replenish their depleted food stocks.

Many food banks *outside* the region generously sent food to the affected areas and thus also depleted their stocks. Conferees on the budget reconciliation bill should consider allowing USDA to provide funds to other affected food banks, as well.

Conclusion

The House bill contains \$700 million in food stamp cuts that would eliminate food stamps for 255,000 low-income people. These cuts stand in stark contrast to the Senate Agriculture Committee’s version of the reconciliation bill, which contains no food stamp cuts.

While the House did include two small helpful food stamp provisions related to hurricanes Katrina and Rita, the benefit of these policies would be dwarfed by the harm the House’s large food stamp cuts would cause. Moreover, these cuts would be on top of cuts the House bill would make in other low-income programs, including Medicaid, child support, foster care, and SSI. Taken together, a substantial share of the cuts in the House reconciliation legislation would fall on many of this country’s most vulnerable people.