

June 13, 2001

**SENATE BILL 583/HOUSE BILL 2142:
THE NUTRITION ASSISTANCE FOR WORKING FAMILIES AND SENIORS ACT**
by Daniel Tenny

On March 21, 2001, Senators Kennedy (D-MA), Specter (R-PA), Leahy (D-VT), Jeffords (I-VT), Graham (D-FL), and Chafee (R-RI) introduced Senate Bill 583, the “Nutrition Assistance for Working Families and Seniors Act of 2001.” On June 12, companion legislation (H.R. 2142) was introduced in the House by Representatives Walsh (R-NY), Clayton (D-NC), Diaz-Balart (R-FL), Hall (D-OH), Johnson (R-CT), Kaptur (D-OH), Leach (R-IA), Lee (D-CA), Kelly (R-NY), Levin (D-MI), Morella (R-MD), Towns (D-NY), Quinn (R-NY), Hinchey (D-NY), and Foley (R-FL), and DeLauro (D-CT). These bills would improve the adequacy of food stamp benefits, ease the burdens on families participating in the food stamp program, and provide additional resources to emergency food providers. The bill is constructed to strengthen the safety net for a wide-ranging group of people, including general provisions to assist families needing nutrition assistance as well as targeted provisions for families with children, the elderly, and non-citizens.

Restoring Eligibility for Legal Immigrants

The 1996 welfare law placed restrictions on eligibility for food stamps for many legal immigrants. This provision would restore their eligibility. It would continue prior law requiring that sponsors’ income be deemed to immigrants they helped bring into this country for the immigrants’ first three years here.

- This provision would allow about half a million non-citizens who are currently ineligible for the food stamp program to receive nutrition assistance.
- In addition to restoring eligibility to low-income immigrants who need food stamp assistance, this provision would likely result in reconnecting many citizen children to the program. According to Census data, 27 percent of children in poverty live in immigrant families – 21 percent are citizen children of immigrant parents and 6 percent are immigrants themselves. Unfortunately, many citizen children of legal immigrants who remain eligible for the food stamp program are not participating. Many of these families are confused about food stamp eligibility rules and in some cases, the child’s benefit is too small for the household to invest the effort to maintain food stamp eligibility.
- Participation among citizen children with legal permanent resident parents declined more than 70 percent from 1994 to 1998, from 1.35 million to 350,000, more than twice the overall rate of participation decline for this period (see table below). The participation

rate among food stamp eligible citizen children of non-citizen parents fell from 76 percent to 38 percent over this period.

- Sixteen states now bear the financial responsibility of providing food stamp replacement programs to immigrants made ineligible under the federal rules (see attached table). These state-funded programs are playing a critical role in assisting poor immigrant

Food Stamp Participation Changes from 1994 to 1998 (in thousands)			
	Change in Number of Participants	Percent Change	Share of Participation Decline
Legal Permanent Residents	-1,210	-83%	15%
U.S. Citizen Children in Families with a Legal Permanent Resident	-1,003	-74%	12%
Other Families with Children *	-4,807	-24%	60%
Childless Unemployed Adults *	-723	-58%	9%
All Other	-297	-8%	4%
Total	-8,040	-29%	100%

* These categories exclude households with legal permanent residents.

Source: CBPP tabulations of Food Stamp Quality Control data, 1994 and 1998.

families. It is not clear, however, what the fate of these programs will be when states begin to feel inevitable budgetary pressures caused by an economic downturn.

Increasing the Standard Deduction

This provision would provide that a household’s food stamp benefits would not start to be reduced until its income reaches ten percent of the federal poverty guidelines. This recognizes that the very poorest families are likely to need the full food stamp benefit to obtain a minimally adequate diet and that low-income families have some irreducible expenses they must meet – typically for temporary or permanent shelter – before they can begin to devote some of their funds to food. It would gradually phase-in this new principle as a replacement for the current food stamp standard deduction, which subtracts the first \$134 per month from a household’s income at the beginning of the process of determining the household’s net income.

This approach would scale the standard deduction by household size (recognizing that larger families have more expenses than smaller ones), although it would provide no further adjustments as household size increased beyond six persons. It also would ensure that the

standard deduction keeps pace with inflation; the current \$134 standard deduction has been frozen since 1995.

- Over 95 percent of the benefits from this proposal go to families with children.
- Half of the benefits from this proposal go to families with earnings.

Standard Deduction under S. 583/H.R. 2142					
Household Size	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
1	\$134	\$134	\$134	\$134	\$134
2	\$134	\$134	\$134	\$134	\$134
3	\$134	\$134	\$134	\$134	\$135
4	\$134	\$134	\$139	\$151	\$162
5	\$137	\$150	\$163	\$176	\$190
6 and up	\$157	\$172	\$186	\$202	\$218

- When fully phased in, this provision will benefit 10 million food stamp participants, including 6.9 million children. A typical family of four would see their monthly benefits increase by \$10 to a total of \$340 in 2006 (when the provision is fully phased in).

Deducting 20 Percent of Child Support Received from a Household's Income

Under current food stamp rules, child support income is treated as unearned income and its full value is counted when calculating a household's food stamp benefit. So, if the household receives an additional \$100 in child support, its food stamp allotment is likely to decline by approximately \$30 to \$45. To address this problem, S. 583 and H.R. 2142 would disregard 20 percent of child support income in the food stamp benefit calculation just as current rules disregard 20 percent of a household's earned income.

- This provision will allow the 1.6 million food stamp recipients in families receiving child support to keep more of that income.
- This provision rewards non-custodial parents for making child support payments and assures them that these payments will not simply result in reduced food stamps for their children. They can be sure that their child support payments will help to feed their children.
- Most states currently keep all or all but a small portion of child support paid to families receiving cash assistance. Last year, by a vote of 405 to 18, the House of Representatives

passed H.R. 4678 which would allow states to pass through more child support to families receiving cash assistance. Efforts continue to enact this legislation. The child support provision of S. 583/H.R. 2142 nicely complements the reforms contained in last year's H.R. 4678. States that opt to pass through a greater portion of child support payments to families would see less of that increased child support income taxed by the food stamp program..

Increasing the Minimum Benefit

Currently one- and two-person households who are eligible for food stamps are assured at least a minimum benefit of \$10. This provision would gradually increase the minimum benefit to \$25 in 2006 and then index it for inflation.

- The minimum benefit has not been updated since it was initiated in 1977 despite a 150 percent increase in food prices over that time period. Currently 20 percent of elderly and disabled individuals on the food stamp program receive the minimum benefit.
- When fully phased in, this proposal would increase the food stamp benefits of 1.2 million people. Over 90 percent of the households who benefit contain an elderly or disabled member. The median monthly income of a one-person household that would benefit from this proposal is \$560.

Extending Transitional Food Stamps to Six Months

In November 2000, USDA published rules to give states a new option to make food stamps more accessible to families that leave the cash assistance rolls. The Transitional Benefit Alternative (TBA) created by those rules allows states to freeze food stamps for up to three months (after adjusting benefits based on the loss of cash assistance) after a family leaves cash assistance. The provision proposed in this legislation extends and improves this option by allowing food stamps to be frozen for six months, encouraging more states to take the option and further easing the requirements on working families.

- According to the Urban Institute and the Department of Health and Human Services, up to half of families leaving cash assistance lose their food stamps, even though most remain eligible. This provision would make it easier for families to continue to receive nutrition assistance during that difficult transition period. Even families that leave cash assistance for very low-paying jobs often do not retain their food stamps: only 54 percent of former cash assistance recipients with earnings below *half* of the poverty line still receive food stamps.
- Because TBA is a state option, this provision enhances state flexibility.

- This provision would ease the burdens of participating for about 300,000 welfare leavers in an average month (using USDA's assumption that 60 percent of those who would be affected by this provision live in states which take the option).
- This option is consistent with the concept of transitional Medicaid, which provides health insurance for 12 months to families who would otherwise be ineligible due to increased earnings.

Improving Access to Benefits

In 1998, the most recent year for which we have data, the overall food stamp participation rate was 59 percent. This figure is down from the 1994 participation rate of 71 percent. The participation rate for households with earnings went down to 47 percent from 54 percent over the same period. Unfortunately, this trend is occurring at a time when the number of low-income households with earnings is increasing due to the strong economy and state efforts to encourage low-income families to work in lieu of receiving welfare. The bill includes several measures to make it easier for eligible families to access benefits. One provision would require USDA, in consultation with state food stamp administrators, to develop materials to improve access to the food stamp program. Another would require USDA to maintain a toll-free number for information about nutrition programs.

In addition, the bill would provide funding for pilot projects to improve coordination between various work support programs and to facilitate the application process. Under one set of pilot projects, up to five states could out-station eligibility workers at the "one-stop centers" offering job training services under the Workforce Investment Act (WIA). Another set of up to five pilot projects would allow states to test co-locating food stamp eligibility workers with out-stationed Medicaid and SCHIP eligibility workers at hospitals, clinics, and other health care providers serving large numbers of low-income people. A final set of pilot projects would allow states to apply Medicaid or SCHIP verification procedures in determining food stamp eligibility for families seeking both benefits. (Project proposals located in rural areas would be given priority.)

The bill would fund demonstration projects to allow households to apply for food stamps over the Internet and be interviewed by telephone rather than visiting the welfare office. The bill would also provide for grants to state agencies and non-profit organizations to test innovative ways to improve access to the food stamp program.

- About one million uninsured children reported receiving food stamps in 1999, and three to four million children with incomes under the food stamp income eligibility limit reported receiving Medicaid but not food stamps. Better coordination between the programs could help to connect eligible nonparticipants to the programs.

- Many have suggested that more eligible working families would participate in the food stamp program if they could apply somewhere other than the welfare office. This has been an important strategy in the campaign to enroll eligible children in health insurance. It would be particularly helpful to begin to test several strategies prior to food stamp reauthorization.
- As more and more poor families are engaged in work and do not have contact with the welfare office, they are at risk of not receiving food stamps. It will be important to find new ways to ensure that this vital work support reaches all eligible families. Testing different strategies through pilot and demonstration projects will provide valuable information on which practices are most effective going into food stamp reauthorization.

Authorizing an Additional \$20 Million for TEFAP

The bill would authorize \$20 million in additional commodities purchases. It requires that half of the additional money be spent on expenses by emergency feeding operations distributing food to the needy.

- Hunger relief charities are often the last line of defense against hunger for the working poor, indigent families and legal immigrants whose access to many food assistance programs has been barred. In too many instances, they are forced to turn people away or close their doors early because they lack the resources to provide help.
- One of the most important steps Congress can take to help emergency food providers deal with rising demand is to strengthen the food stamp program by restoring eligibility to low-income immigrants, improving benefits for elderly and families with children and seek ways to improve access to the program. Food stamps is the single most effective program to provide food assistance to families in need.
- Declining food stamp participation has placed additional pressure on food banks and other emergency food providers. This bill would authorize \$20 million in additional funds, on to of the \$100 million provided under current law, to purchase commodities for emergency food providers.

Immigrants Who are Eligible for State Food Stamp Replacement Programs¹	
California	Legal immigrants ineligible for federal food stamps who were in the U.S. before 8/22/96. Legal immigrants who enter after 8/22/96 whose sponsors are deceased, disabled or abusive. Other qualified immigrants who enter after 8/22/96 are eligible until September 30, 2001.
Connecticut	Legal immigrants ineligible for federal food stamps. There is a six-month state residency requirement for those who enter the U.S. after 4/1/98.
Illinois	Elderly immigrants 60-64 years of age and immigrant parents of children who are eligible to receive federal food stamps; Must have been in the U.S. before 8/22/96. (The state issues a flat benefit rather than a full replacement of food stamps.)
Maine	Legal immigrants ineligible for federal food stamps.
Maryland	Immigrant children under the age of 18 who entered the U.S. on or after 8/22/96.
Massachusetts	Legal immigrants ineligible for federal food stamps who have been in the state 60 days prior to application.
Minnesota	Legal immigrants ineligible for federal food stamps.
Missouri	Legal immigrants who were on TANF on 8/22/96 and are on TANF when applying for food assistance.
Nebraska	Legal immigrants ineligible for federal food stamps.
New Jersey	Elderly immigrants 65-68 years of age, immigrant parents and guardians of children who were in the U.S. before 8/22/96.
New York	Elderly immigrants 60-68 years of age who live in the same county (or in New York City) in which they resided on 8/22/96.
Ohio	Elderly immigrants 65-68 who are eligible for SSI, have been U.S. residents for five years prior to application and were Ohio residents as of 8/22/96.
Rhode Island	Legal immigrants ineligible for federal food stamps who were residents of Rhode Island before 8/22/96.
Texas	Elderly immigrants who entered the U.S. before 8/22/96, became age 65 after 8/22/96 but before 3/1/98, and received federal food stamp benefits in any month from 9/96 through 8/97.
Washington	Legal immigrants ineligible for federal food stamps.
Wisconsin	All legal immigrants ineligible for federal food stamps.

¹ States provide benefits either by purchasing federal food stamps, issuing a cash benefit or via electronic benefit transfer. In addition, Colorado enacted an emergency food assistance program for immigrants ineligible for federal food stamps. Florida had a food assistance program that was discontinued on 10/31/98.

**Estimated Number of Individuals Who Would Benefit
From Kennedy-Specter/Walsh-Clayton Bill Provisions, by State
(in thousands)**

	<u>Increasing Standard Deduction*</u>	<u>Child Support Disregard</u>	<u>Increasing Minimum Benefit*</u>
Alabama	230	50	20
Alaska	30	3	3
Arizona	170	10	10
Arkansas	150	30	20
California	1,410	30	40
Colorado	90	10	20
Connecticut	100	20	20
Delaware	20	3	1
District of Columbia	50	1	3
Florida	430	40	70
Georgia	360	110	40
Hawaii	80	10	1
Idaho	40	10	10
Illinois	450	40	50
Indiana	160	30	20
Iowa	70	10	10
Kansas	70	10	10
Kentucky	210	40	30
Louisiana	310	60	20
Maine	60	10	10
Maryland	160	30	10
Massachusetts	140	20	30
Michigan	420	50	30
Minnesota	50	10	30
Mississippi	170	50	30
Missouri	210	40	30
Montana	40	10	3
Nebraska	50	10	10
Nevada	30	10	5
New Hampshire	20	2	4
New Jersey	220	40	20
New Mexico	120	5	10
New York	830	160	80
North Carolina	280	60	50
North Dakota	20	4	3
Ohio	340	50	70
Oklahoma	140	20	30
Oregon	110	20	20
Pennsylvania	480	110	80
Rhode Island	40	4	10
South Carolina	180	30	20
South Dakota	30	4	2
Tennessee	240	60	50
Texas	810	140	50
Utah	60	10	4
Vermont	20	5	10
Virginia	190	60	30
Washington	180	20	20
West Virginia	130	20	10
Wisconsin	100	30	20
Wyoming	10	3	2
US Total	10,320	1,570	1,160

Source: CBPP Tabulations of Fiscal Year 1999 Food Stamp Quality Control data

* This table shows the number of individuals affected in the year in which the provision is fully phased in. For the standard deduction and the minimum benefit, the year shows approximate number of people affected in 2006. The child support provision goes into effect immediately.

Note: This table ignores interactions between the provisions.