

Fixing Food Stamps

By Anne Kim

The 1996 welfare reform law ushered in a long-overdue modernization of the decades-old dysfunctional welfare entitlement system. Over the past six years, most states have taken full advantage of the flexibility afforded to them by the 1996 legislation to transform the culture of welfare offices and reorient government services toward the goal of promoting and supporting work.

The welfare revolution has, however, largely bypassed the federal food stamp program. When Congress quietly reauthorized food stamps for another five years in this spring's farm bill, it missed a critical opportunity to bring the program up to date, strengthen its role as a safety net for the poor, and recast it for the needs of working families. Although the farm bill simplified the program in a number of important, albeit incremental, ways, food stamps will likely continue to fall far short of their potential as a vital work support absent some serious change.

It is not too late for Congress to take up the challenge of food stamp reform. The House version of the welfare reform reauthorization bill contains several provisions targeted at the program that may provide legislators with a window for revisiting the food stamps' mission.

This remaining opportunity to overhaul food stamps is one that Congress should not pass up. Still relatively untouched by the 1996 law, the program today stands as a relic of welfare as we once knew it. As such, it is out of touch with the new work-based model of social services delivery now prevailing in every state. In the post-reform world of welfare, the architecture of the food stamp program is a misfit because:

- ▶ **The program penalizes work and savings.** Welfare reform transformed the mission of welfare from income support to work support. Food stamps, however, failed to make that transition and instead retained some of the

worst features of the discarded regime. Like the old welfare program, food stamps discourage work by phasing out benefits quickly as income rises; every dollar earned equals a 24-cent loss in benefits.¹ The program's eligibility guidelines also set unrealistically low limits on asset accumulation, thereby discouraging savings. Aside from a family car, eligible families are limited to no more than \$2,000 in assets.²

- ▶ **It was designed primarily for the dependent poor, not low-wage workers making a transition into self-sufficiency.** The program's cumbersome application process and continual reporting requirements were designed with a static, non-working base of beneficiaries in mind. For working-poor families, compliance with the program is extremely burdensome. In fact, studies estimate that administrative burdens may deter as many as 14 percent of eligible families from enrolling.³
- ▶ **It is hopelessly bureaucratic.** Guidelines for eligibility and benefits determination are complex and ill-suited to the needs of working families. Determining eligibility requires two separate income tests (and involves the application of a half-dozen separate income deductions), creating needless complications for working families with irregular income. Strict federal oversight also inhibits states from attempting to modernize the program or experiment with service delivery. Moreover, an almost obsessive federal focus on payment compliance and fraud detection distracts states from working toward what should be the true mission of the program, which is reducing hunger and poverty.

As a consequence, food stamps represent the quintessential "leaky bucket." In fiscal 2000, administration expenses accounted for approxi-

mately \$2.1 billion—or 12 percent—of the total cost of the program, which was \$17.1 billion. According to the USDA, the average monthly administrative cost per case in 1998 was \$36, in comparison to an average monthly food stamp benefit per case of \$171.⁴ In contrast, administrative expenses accounted for just 1.6 percent of the total cost of the Social Security program in fiscal 2001.⁵

- ▶ **It is “welfare.”** Because its roots are in the old welfare system, food stamps embody the now-tainted values that were so decisively rejected by welfare reform—passivity, dependence, and a belief in the long-term effectiveness of government transfers in eradicating poverty. Working families do not want to rely on “welfare,” and indeed as many as 7 percent to 10 percent of eligible families cite the stigma of the program as a reason for their non-participation.⁶ Despite some prior attempts to recast food stamps as “work support,” the program, as structured, does not and cannot fulfill this function.⁷

As a consequence, the food stamp program is now failing in its historic role as an important safety net for the poor, especially for poor working families. Perhaps the most telling symptom of the program’s growing obsolescence is the declining participation rate among eligible families, which dropped from 74 percent to 57 percent between 1994 and 1999.⁸ Among eligible working families, the 1999 participation rate was only 43 percent.⁹

Unlike the Temporary Assistance for Needy Families (TANF) program, where caseload declines arguably document the success of welfare reform, the drop in food stamp cases is instead symptomatic of the basic flaws in the program. Thousands of eligible families, all of whom have net incomes below the federal poverty line and many of whom are working, are going without this much-needed support. According to the USDA, about 37 percent of households below the poverty line and nearly one-third of female-headed households with children were “food insecure” in 2000—meaning they were unable to afford, or unsure

of being able to afford, enough food to meet the basic needs of their families.¹⁰ In addition, nearly 13 percent of households in poverty were periodically hungry.¹¹

Despite its flaws, the food stamp program can and should play an important role in buttressing the work-based social policy created by welfare reform and meeting the nutritional needs of poor families. Many former welfare recipients work either part-time or at very low wages, which means that though they have left welfare, they have not left poverty. A modernized, accessible food stamp program for working families can help secure the independence of working welfare leavers and, at least, ensure that they are not worse off than before.

Although the recently passed farm bill contained a variety of important provisions that do improve the program—such as the restoration of benefits to legal immigrants—most of the law’s provisions involve marginal bureaucratic fixes that fail to address the program’s fundamental flaws.¹²

Some Republicans have proposed more radical fixes in the context of the debate over TANF reauthorization. The Bush administration, for example, favors a “superwaiver” that would permit states to consolidate food stamp money with other federal funding streams and waive many of the program’s accounting and other requirements at the discretion of the USDA and other affected agencies. Republicans in the House, meanwhile, successfully added a provision to TANF reauthorization legislation¹³ that permits a limited number of states to opt for a food stamp block grant rather than continuing to participate in the current program. Although these proposals have the virtue of providing states with maximum flexibility to administer nutrition assistance programs, they also share a common flaw: the lack of sufficient federal standards to provide accountability for states and guarantee that the block grant achieves its national goals. Moreover, both of these proposals give executive branch agencies virtually unlimited discretion to skirt the will of Congress by waiving statute-mandated program features.

Any attempt to reform food stamps must ensure that the program can adequately serve two missions: first, to provide a safety net for

the truly dependent poor—the elderly, disabled, and children—and second, to make work pay for working families. But the gulf between these two purposes points to the inevitable conclusion that a one-size-fits-all solution is impossible. As the program’s current difficulties illustrate, an entitlement program geared to the dependent poor is a bad match for the needs of working families. On the other hand, while a block grant or similar approach could benefit working families, eliminating the food stamp entitlement could ultimately mean that many vulnerable individuals fall through the cracks without recourse.

The Progressive Policy Institute (PPI) therefore proposes that Congress split the current food stamp program into two separate components:

- (1) A “*safety net*” program for disabled, elderly, and other dependent poor individuals, which would be a modern, streamlined version of the current food stamp program; and
- (2) A *flexible, performance-based grant* dedicated to providing nutritional assistance to working-poor families.

Though some may argue that food stamps have no relevance in the post-welfare reform world, the struggles of working-poor families make it clear that food stamps can and should have an important role in ensuring that families with a full-time worker do not live in poverty or with hunger. Indeed, according to many policymakers, food stamps, child care, and the earned income tax credit represent the “three-legged stool” of work supports critical to sustaining the self-sufficiency of working-poor families. To ensure that the food stamp program achieves this purpose, it is critical that its mission and structure be realigned with the work-based vision of social policy instituted by welfare reform.

The Left and Food Stamp Reform

Advocates on the political left have reacted to the approximately 40 percent drop in food stamp caseloads since 1994 with two broad sets of

proposals: (1) improving outreach to eligible families and (2) reforming the quality control system by which the federal government monitors state payment compliance. They argue that the decline in food stamp participation is attributable to the following principal causes: (a) a lack of knowledge by welfare leavers of their continuing eligibility for food stamps, (b) the failure of states to actively enroll leavers, (c) administrative hassles associated with applying for food stamps (e.g., complex forms, inconvenient office hours, burdensome documentation requirements), and (d) a misguided quality control (QC) system that rewards or penalizes states for payment errors relative to the average performance of all states.¹⁴ Most of the liberal ire, in fact, is aimed at the QC system, which critics charge discourages states from enrolling working families (whose incomes are irregular and therefore more prone to cause payment errors) and encourages states to keep caseloads low.¹⁵

The liberal critique of food stamps is valid in many respects; applying for food stamps is not only cumbersome but also degrading, and in some states, it is obvious that fraud detection is a higher priority than nutrition assistance. For example, according to a well-publicized study conducted in 2000 by America’s Second Harvest, the average length of a state food stamp application is 12 pages, and 10 states have applications that are between 19 pages and 28 pages long.¹⁶ The study also found that the vast majority of applications request unnecessary details, such as income from “panhandling, bingo, and plasma donation,”¹⁷ and many applications threaten jail time for incorrect responses. And although states now have the option of relaxing recertification requirements, families must still appear in person at the food stamp office at least annually to continue receiving benefits. Despite the heroic efforts of the QC system to eliminate payment errors, only 75 percent of food stamp households receive the correct benefit amount.¹⁸

Although the solutions proposed by the left are the correct programmatic responses to the issues they raise, they nonetheless address the wrong problem. Perhaps in fear of opening the door to a challenge of the program’s basic structure as an entitlement, most liberals appear

content to tinker at its bureaucratic margins rather than rethink it altogether. It is encouraging, however, that liberals have updated their rhetoric, recasting food stamps as a “work support” for poor families.

Unfortunately, the food stamp program has historically never served as a work support and does not truly serve as one today. It is an old-style welfare program, and no amount of QC reform will make the program more attractive to working families. Unlike child care, transportation assistance, or health insurance, food stamps are not essential in order to get or maintain a job, and lack of access to food stamps, unlike lack of access to child care or transportation, is not a barrier to employment. In fact, the majority of food stamp recipients do not work. In fiscal 2000, only 27 percent of all households receiving food stamps reported earnings.¹⁹ Further, unlike the EITC, food stamps are not conditioned on work; they do not “make work pay.”

The program is also highly paternalistic—an attitude very much at odds with the spirit of welfare reform, which sought to instill recipients with the dignity and self-determination that comes with work and personal responsibility. A true “work support” would shore up this independence, yet the current food stamp program undermines it. The program mistrusts the ability of working families to allocate their income as they see fit,²⁰ and the strictures of its administration serve only to reinforce the assumption that low-income families would willingly defraud the government, given the chance.

Liberals are correct that an efficient food stamp program should include a sensible mechanism for federal oversight of program administration. But turning food stamps into an actual work support will require changes that go far beyond rhetoric.

The Right and Food Stamp Reform

Advocates on the left, clinging to the status quo, may be focusing on the wrong problem, but on the other hand, many conservatives offer the wrong answers. Although they recognize the fundamental misfit between the food stamp program and work-based social policy, their

solution is to shoehorn food stamps into the TANF structure by imposing separate work requirements on food stamp recipients or by eliminating the barriers between food stamps and other federal programs—as both the superwaiver and block grant proposals would do. Some conservatives, of course, would simply do away with the program altogether.

Some of the shortcomings of the conservative approach are evident in the outcome of work requirements imposed on food stamp recipients during welfare reform. At the behest of Republicans, the 1996 law included provisions limiting food stamp receipt by non-working able-bodied adults without dependents (so-called “ABAWDs”) to three months within any 36-month period. Under this provision, ABAWDs could continue to receive benefits only if they spent at least 20 hours a week either working or participating in workfare or other “qualifying activities.”

But because the vast majority of food stamp recipients are disabled, elderly, children, or single parents and are already subject to work requirements under TANF, ABAWDs made up only 2.5 percent of food stamp participants as of March 2000.²¹ Of these, only about one-half satisfied the work mandate,²² despite a comparatively vast amount of resources spent by the USDA on administration of the work requirements and on employment and training programs. Although work requirements may be very effective in the context of welfare, which serves a fairly homogenous base of (mostly) able-bodied single mothers, work requirements under food stamps are both largely meaningless and a waste of administrative resources.

The diversity of the food stamp caseload, in comparison to TANF, also means that converting the entire program into a block grant is undesirable. In 2000, 51 percent of food stamp recipients were children, 10 percent were elderly, and another 10 percent were disabled non-elderly adults.²³ Eliminating the food stamp entitlement for these individuals would remove a critical safety net; under poor economic conditions or state budgetary crises, the most vulnerable are often the first to suffer. Even in the absence of bad economic times, unconditional block grants offer states a strong temptation to supplant state dollars with federal

ones or to reprioritize their spending in such a way that the dependent poor fall through the cracks. A compassionate society should not allow those who cannot work to be stripped of a critical entitlement.

Another pitfall of an unconditional food stamp block grant or a superwaiver is lack of accountability. In the worst-case scenario, food stamp funding could become an amorphous funding stream used willy-nilly by states to supplement other social services, but without guaranteed results and with the utter loss of the original mission of the program—nutrition assistance. Although a very carefully constructed block grant or superwaiver could go far to help states streamline eligibility determinations, eliminate redundancies in reporting requirements, and improve access to services, the proposals currently put forward by Republicans do not contain enough safeguards to ensure these outcomes. While proposals from the left may not go far enough, these conservative proposals perhaps cut too deep.

A Proposal for Reform

Fixing food stamps will not be easy. The program is well protected by powerful political constituencies resistant to change and by its own administrative inertia. Nevertheless, sensible reform of the food stamp program is an urgent concern. As the program continues to wither, it becomes increasingly vulnerable to attack, especially from conservatives whose notion of “reforming” the program is to dismantle it altogether.

Food stamps are worthy of both reform and expansion. The program has tremendous potential to become a critical work support for millions of households and can provide a needed crutch for many more families now struggling in poverty. Fixing food stamps will require preserving and embedding the program’s best features in a wholly rebuilt infrastructure. PPI proposes the following set of reforms, the goals of which are to preserve and modernize the basic safety net while also creating a new and flexible program targeted exclusively toward working families.

1. Modernize the “Old” Program

The first step in food stamp reform is to prune its overgrown bureaucracy. PPI proposes a streamlined, targeted food stamp program with the following features:

- ▶ **Categorical eligibility and standardized benefits for Supplemental Security Income (SSI) and TANF recipients and the elderly poor.** Beginning in 1999, states were permitted to grant automatic eligibility for food stamps to recipients of TANF and other means-tested programs funded primarily through TANF or state maintenance-of-effort funds. Households in which all members receive TANF, SSI, or in some places, state-funded “general assistance,” are also presumptively eligible for food stamps. Categorical eligibility eliminates the need for dual applications, which increases both administrative efficiency and participation rates. (For example, the food stamp participation rate for TANF recipients is nearly universal.²⁴) Providing for categorical eligibility also limits the number of applicants who must undergo the current program’s complex eligibility determination process.

Likewise, states should be allowed to expand categorical eligibility to other recipients of means-tested or disabilities benefits programs, such as state-funded disability programs or benefits to disabled veterans. Categorical eligibility should also be offered to elderly Social Security recipients whose benefit levels and tax returns indicate that their annual incomes are below 130 percent of the federal poverty line, regardless of their assets.²⁵ Categorical eligibility would greatly expand access to food stamps for the eligible elderly poor. Of this group, only about one-third are currently participating in food stamps.²⁶ To further ease access, Congress should allow elderly recipients to “opt in” to food stamps when applying for Social Security, as South Carolina and several other states have done on a pilot basis, rather than requiring a separate, in-person interview at the food stamp office.

Congress should also increase and standardize benefits to eliminate the various deductions and calculations required to determine benefit levels. Currently, food stamp benefits are determined in reference to the USDA's "Thrifty Food Plan," which presents an unrealistic budget (and unrealistic menus).²⁷ Congress and the USDA should rely on historical assistance data and updated research to devise a new and simpler benefits scale that does not rely on a complex system of income deductions.²⁸ Increasing the minimum benefit (now only \$10) will also help draw in more elderly poor applicants, who may not currently consider their expected benefit to be worth the hassle of applying.

- ▶ **Elimination of separate work requirements for ABAWDs.** The work requirements currently embedded in the food stamp program apply to very few recipients—barely 2.5 percent of the caseload—and have not proven effective in increasing self-sufficiency. Given that TANF work requirements already reach the vast majority of food stamp recipients who are capable of work, separate work requirements in food stamps makes little sense. It is also unnecessary for the USDA to expend resources on employment, training, and job-search services when other agencies have already created an infrastructure to deliver these services and are more experienced in doing so. Congress should eliminate this mandate.
- ▶ **Preservation of entitlement for children, disabled, and elderly recipients; time-limited eligibility for TANF recipients subject to work requirements and working-poor adults.** Food stamps should remain an entitlement only for those unlikely to be weaned from government dependence and for those whom a compassionate society should support—that is, children, the disabled, and the elderly. As with TANF, the food stamp program should require those who can work to do so, although not through explicit work requirements

redundant of those imposed by TANF. Instead, for TANF recipients, "basic" food stamp eligibility and receipt should run concurrently with their eligibility for and receipt of federal TANF benefits.²⁹

After the expiration of time limits or after a food stamp recipient leaves TANF, food stamp leavers should be "graduated" into the new nutrition assistance program that PPI proposes for working families—one that is not time-limited and makes work pay.

- ▶ **State option to cash out benefits.** Much of the food stamp program's administrative apparatus—the electronic benefit transfer (EBT) system, the QC system, and various other efforts to detect trafficking and fraud³⁰—is devoted to ensuring that program benefits be spent only on food purchases. Although nutrition assistance is the principal mission of food stamps, and while experiments with "cashed-out" benefits have found that recipients are less likely to spend the allowance on food,³¹ states should nonetheless be given the option to cash out basic food stamp benefits if they believe that money would be a more effective and efficient way to achieve the goals of the program.

Cashed-out subsidies could, for example, eliminate the problem of trafficking (i.e., using food stamps for cash) and may further lessen the program's stigma. Although most states now deliver food stamps via Electronic Benefit Transfer (EBT), recipients are not anonymous when they produce their benefits cards. Cashed-out benefits would not, however, require states to dismantle the EBT systems now in place. The federal government is already moving toward electronic delivery of all federal benefits, and should be able either to adapt the EBT system for cash or consolidate the food stamp EBT system with other electronic benefits delivery mechanisms so that the EBT card functions like an ATM card.³²

A dedicated food benefit is also at odds with the underlying philosophy of post-welfare reform social policy, which puts a premium on individual responsibility and

self-determination. Poor families, like wealthier ones, should be allowed to allocate their income as they see fit, free from government micro-management. And realistically, real “abuse” of benefits is unlikely. Although some families may indeed use less of a cashed-out food stamp benefit on food, that money is likely to go instead to housing, utility payments, car repairs, child care, medical emergencies or other critical expenses—rather than be “wasted” on luxuries.

- ▶ **Maintain full federal funding of benefits and cost-sharing for administrative expenses.** For the basic entitlement program, Congress should maintain the current funding scheme, under which the federal government pays 100 percent of the cost of benefits, and the federal government and the states share equally in administrative expenses. Under a bifurcated food stamp program like that proposed by PPI, the QC system (with the fixes included in the farm bill) is likely to prove far less burdensome than it has been in recent years, especially if benefits are revamped and standardized.

2. *Create a new nutrition assistance program for working families*

The second part of food stamp reform is to create a new program targeted toward the families who are now ill-served: the working-poor. PPI envisions a flexible, performance-based program with the following elements:

- ▶ **Performance-based grants with funding contingent on improvement of program access for eligible families and reductions in working family poverty, food insecurity, and hunger.** The purpose of the food stamp program is to reduce the prevalence of hunger and poverty among American families. But the program has drifted from this goal. Payment compliance and fraud detection have perhaps become equally important—or perhaps paramount—concerns. The most effective way to refocus
- ▶ **Flexible use of funds.** To achieve these new performance standards, Congress should grant states plenty of flexibility to devise new initiatives aimed at achieving the program’s goals. The record of welfare reform amply demonstrates the success of a program model that couples broad-based performance goals with state flexibility, and there is every reason to believe that a revamped nutrition assistance program based on the TANF model could be equally as successful. Congress should, however, ensure that states’ efforts are

the food stamps program back to its original mission is to center performance goals explicitly in that direction, and reward or penalize states based on their achievement of these set goals. This structure would ensure that the program remains true to its original purpose, while also providing states with the flexibility to experiment.

PPI proposes three measures of performance: (a) the “access” rate among eligible working-poor families, (b) a demonstrated decrease in food insecurity and hunger among eligible families, and (c) reductions in working family poverty (with “poverty” defined to include the effect of program benefits). Full funding should be conditioned on whether states achieve continuing progress on at least two out of three of these measures, and Congress should set ambitious but realistic targets for improvement on each of these fronts (e.g., by requiring that states improve program participation rates by 5 percent a year over the next five years³³ or decrease food insecurity among eligible households by 2 percent a year). States that fail to reach performance targets should be penalized with a loss of up to 5 percent in federal funding and required to make up the loss with additional state spending. (In other words, failure to reach performance targets would trigger a “maintenance of effort” requirement on the part of states.) States that exceed performance targets, on the other hand, should be rewarded with monetary bonuses.

sufficiently tailored to improve families' access to food and nutrition. In other words, grant money should not be used to provide child care, health insurance, or housing.

Allowable uses might include the following: (a) a "traditional" food stamp program targeted exclusively at working families, provided that states eliminate or drastically increase asset limits, streamline eligibility determinations, and issue benefits on par with or above the current levels in that state; (b) a cashed-out wage subsidy (similar to a monthly state or local EITC) or a "nutrition tax credit," like that proposed by some researchers;³⁴ (c) nutrition education programs;³⁵ (d) competitive grant assistance to public/private food banks and pantries;³⁶ or (e) commodities-based food distribution programs (e.g., distribution of agricultural surplus products). To ensure that the majority of funds are spent on direct assistance to families, state spending on (c), (d), and (e) should be limited to a set percentage of funding (e.g., no more than 20 percent in the aggregate).

- ▶ **Initial funding based on historic benefit levels and projected number of eligible families.** Funding should be generous and assume that states will be able to reach "full capacity" on participation rates. One potential funding formula would simply be to multiply, for each state, the historic average benefit level per recipient in that state times 75 percent of the number of eligible participants in the state. Because

the food stamp program tends to be more sensitive to economic cycles than TANF, funding levels should be readjusted at least every two years or in the event of a recession.

- ▶ **A rigorous evaluation requirement.** Congress should require states to set aside a small portion of their funding for research and evaluation, as well as provide additional funding for a national evaluation of the program's success. Rigorous evaluation of new programs will be critical in determining best practices and ensuring that state efforts under the new program are effective.
- ▶ **A "rebranding" of the program.** To signal this program's decisive break from its past, Congress should not label the working families nutrition assistance program as "food stamps." Rebranding the program under a different name will also help attract the participation of working families who would otherwise be leery of food stamps and the stigma attached to that program.³⁷

Conclusion

Current political realities along with six decades of bureaucratic entrenchment will no doubt constrain the extent to which reform is achievable this year. Nevertheless, Congress should be unafraid to engage in a bold debate about the past, present, and future of food stamps. Food stamp reform is an opportunity that Congress should not miss to expand the social policy revolution begun in 1996.

Anne Kim is the director of PPI's Work, Family, and Community Project. The author wishes to thank Andrea Kane and Rob Keast for providing extremely insightful comments and guidance.

Endnotes

- ¹ Each dollar of countable income reduces benefits by 30 cents; however 20 percent of earned income is disregarded.
- ² See <http://www.usda.gov> for eligibility rules.
- ³ USDA Report to Congress, <http://www.fns.usda.gov/fns/>.
- ⁴ National Food Stamp Conversation 2000, Food, Nutrition and Consumer Services, U.S. Department of Agriculture (2000), <http://www.fns.usda.gov/fsp/NatConverse/fdstconv.pdf>.
- ⁵ Social Security Administration, FY 2003 Budget, available at <http://www.ssa.gov/budget/2003bud.html#LAE>.
- ⁶ USDA Report to Congress, op. cite.
- ⁷ Some businesses that hire welfare recipients assist their workers in applying for food stamps as part of their employee retention strategies. However, these businesses also report that the complexity of the food stamp program makes it very difficult to administer food stamps as a “work support.”
- ⁸ Overall, enrollment in the food stamp program dropped from 28 million in March 1994 to 17 million by 2000. One-third of this decline is due, however, to a drop in the number of eligible families because of rising income and assets—a beneficent legacy of welfare reform and the booming economy. “The Decline in Food Stamp Participation: A Report to Congress,” Food and Nutrition Service, U.S. Department of Agriculture (July 2001). The denial of food stamps to most legal immigrants also contributed to the sharp decline in the food stamp caseload. The number of non-citizens receiving food stamps dropped approximately 60 percent from 1994 to 1999, from 1.9 million recipients to less than 750,000. Id.
- ⁹ Randy Rosso, “Trends in Food Stamp Participation Rates: 1994 to 1999,” Washington, D.C.: Food and Nutrition Service, United States Department of Agriculture (October 2001).
- ¹⁰ Mark Nord, Nader Kabbani, Laura Tiehen, Margaret Andrews, Gary Bickel, and Steven Carlson, “Household Food Security in the United States, 2000,” Washington, D.C.: Economic Research Service, U.S. Department of Agriculture (February 2002).
- ¹¹ Id.
- ¹² For example, one such provision modifies the “standard deduction” used in calculating an applicant family’s net income so that it is set at a higher level for larger families. However, the farm bill and the Clinton administration have taken some steps in the right direction to make the program work better for working families. For example, the farm bill extends “transitional” food stamp benefits to up to five months for families leaving welfare for work and allows states to use semi-annual reporting for almost their entire caseload. The bill also includes a small amount of grant money for states that want to experiment with further simplifying the eligibility and benefits determination process.
- ¹³ See Section 701 of H.R. 4737, which passed the House.
- ¹⁴ Lack of information and hassle are among the most common reasons non-participants give for not enrolling in food stamps. Other factors cited include a perceived lack of need, low expected benefits, and stigma. McConnell and Ponza. USDA Report to Congress. “Food Stamp Program: Various Factors Have Led to Declining Participation.” Washington, D.C.: General Accounting Office (July 1999).
- ¹⁵ See, e.g., Dorothy Rosenbaum and David Super, “Understanding Food Stamp Quality Control,” Center on Budget and Policy Priorities (April 2001).
- ¹⁶ Doug O’Brien, Kimberly Prendergast, Eleanor Thompson, Marcus Fruchter, and Halley Torres Aldeen, “The Red Tape Divide: State-by-State Review of Food Stamp Applications,” *America’s Second Harvest*. Another study estimated that it takes five hours on average to complete the food stamp application process and \$10 in out-of-pocket expenses, McConnell and Ponza, citing Bartlett et al. (1992).
- ¹⁷ O’Brien et al.
- ¹⁸ National Food Stamp Conversation 2000.
- ¹⁹ “Characteristics of Food Stamp Households: Fiscal Year 2000,” Food and Nutrition Service, U.S. Department of Agriculture (October 2001).
- ²⁰ Food coupons are not fungible, which makes it difficult for families to shift their resources to deal with varying expenses or emergencies, such as an unexpected illness or a car repair. Over the decades, however, administrators have created some artificial flexibility in the program by taking into account various types of expenses when determining eligibility and benefit levels. For example, a family with “extraordinary” housing costs may receive slightly higher benefits than a family with similar income but cheaper rent. Theoretically, this would shift some of the cash income a family has available away from food purchases and toward housing. Other allowances include those for dependent care, medical care for households with elderly or disabled members, and child support. Liberals argue that these deductions help to make up for inadequacies in other governmental supports, such as childcare or affordable housing assistance. However, these structural quirks serve only to accentuate the program’s schizophrenia; while the “coupon” structure ostensibly forces the program to adhere strictly to its original aim of nutrition assistance, the program is probably more effective as generalized assistance.
- ²¹ John L. Czajka, Sheena McConnell, Scott Cody and Nuria Rodriguez, “Imposing a Time Limit on Food Stamp Receipt: Implementation of the Provisions and Effects on Food Stamp Program Participation,” Washington, D.C.: Mathematica Policy Research, Inc. (September 4, 2001). Of the 17.2 million food stamp participants in March 2000, ABAWDs numbered a scant 400,000. Id.
- ²² Id.

²³ Characteristics of Food Stamp Households: Fiscal Year 2000.

²⁴ Rosso.

²⁵ Alternatively, asset limits should be increased so that elderly applicants need not “spend down to poverty” to qualify for help. The current asset limit for elderly households is \$3,000. Home and lot are not included among a household’s countable assets.

²⁶ In 1994, only about 35 percent of elderly eligible households participated in food stamps. Sheena McConnell and Michael Ponza, “The Reaching the Working Poor and Poor Elderly Study: What We Learned and Recommendations for Future Research,” Washington, D.C.: Mathematica Policy Research, Inc. (December 1999). This study also estimated that approximately 3.5 million elderly households which are probably eligible for food stamps do not participate.

²⁷ For example, the Thrifty Food Plan for 1999 assumes that families will be able to cook all three meals each day, and that families will be able to obtain such impractical quantities of food as “2 ounces of brown sugar,” “4 ounces of pearl barley” and “2 ounces of bread crumbs.” The Thrifty Food Plan menu is, in many respects, less appetizing than many weight loss diets. A sample dinner menu, for example, includes “turkey-cabbage casserole, orange slices, white bread and chickpea dip” (all of which were allegedly “tested and sensory-evaluated” in the USDA’s food laboratory). Center for Nutrition Policy and Promotion, “The Thrifty Food Plan, 1999,” U.S. Department of Agriculture, August 1999.

²⁸ All food stamp households receive the standard deduction, which is currently \$134. Only 4 percent of households receive a medical expenses deduction and 4 percent receive the dependent care deduction. The average total deduction is \$294. National Food Stamp Conversation 2000, op. cite.

²⁹ The time limit may raise some technical difficulties, unless food stamps are treated in all cases like TANF. Therefore, those who receive hardship exemptions from the federal TANF limit would enjoy the same exemption under food stamps. However, states with shorter welfare limits should have the discretion to determine whether food stamp receipt can continue after the state TANF limit is reached. Non-working, able-bodied recipients not receiving TANF should continue to receive food stamps, up to their time limit, absent another exemption.

³⁰ Although the prevalence of electronic benefits has drastically cut down on trafficking, the rate of trafficking stood at three-and-a-half cents per benefit dollar in 1998. Moreover, the amount of benefit dollars trafficked averaged \$600 million per year between 1996 and 1998. National Food Stamp Conversation 2000, op. cite.

³¹ National Food Stamp Conversation 2000, op. cite.

³² There is, in fact, tremendous potential for linking EBT cards to bank accounts for the many poor families who are now “unbanked.” Lack of access to mainstream financial services can be very damaging for the economic prospects of poor families, and banking the unbanked should be a priority for Congress. See “Taking Account of the Poor,” Progressive Policy Institute, August 2001.

³³ States have plenty of room for improvement. Among all “food-insecure” households in 2000, only 23 percent participated in the food stamp program, and barely half participated in any federal nutrition assistance program (including free school lunch and WIC). Nord et al.

³⁴ Harold Beebout and Michael Fishman have proposed, for example, a “nutrition tax credit” that would be electronically delivered every month. Eligibility would be determined annually at the same time a worker files his or her tax returns.

³⁵ The federal government currently reimburses states for 50 percent of the costs of nutrition education programs. In 1999, 46 states operated USDA-approved nutrition education programs and were reimbursed a total of \$75.2 million. Nutrition education programs may be able to assist low-income families in making better food choices and in preparing low-cost, healthy meals. One study found that only a small percentage of food stamp recipients were able to stay within the Thrifty Food Plan budget while eating in a healthy manner. Steven Bradbard, Eileen Michaels, Kathryn Fleming and Marci Campbell. 1997. “Understanding the Food Choices of Low Income Families.” Washington, D.C.: Lisboa Associates, Inc. (May 1997).

³⁶ Some evidence suggests that food pantries and banks have seen an increased demand for their services over the past five years (approximately a 5 percent increase per year) and that a significant number of these organizations lack the resources to meet the needs of everyone requesting help. It is unclear, however, whether this increased demand is related to the decline in food stamp enrollment. USDA Report to Congress, op. cite.

³⁷ PPI suggests, for example, calling this new program the Supplemental Nutrition Assistance Program (SNAP).