

# The Food Assistance Landscape

March 2006



***One in five Americans participates in at least one of USDA's food and nutrition assistance programs during the year.***

In fiscal 2005, an estimated 55 percent of USDA's budget supported the programs that provide children and low-income people with access to food, a healthful diet, and nutrition education. The Economic Research Service (ERS) is responsible for conducting studies and evaluations of USDA's food assistance programs. This report uses preliminary data from USDA's Food and Nutrition Service (FNS) to examine trends in the food assistance programs through fiscal 2005 (October 1, 2004, to September 30, 2005). It also discusses a recent ERS study that examined patterns of entry into and exit from the Food Stamp Program.

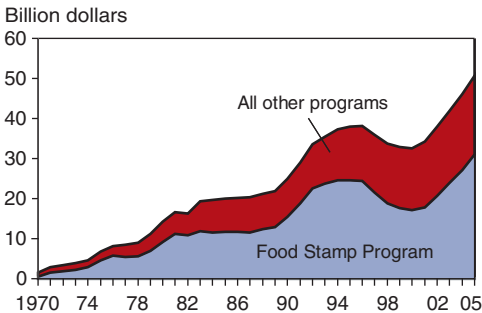


## Food Assistance Expenditures at a Record High

Expenditures for USDA's 15 food assistance programs totaled almost \$51 billion in fiscal 2005, making it the third consecutive year in which food assistance expenditures exceeded the previous historical record. The fiscal 2005 expenditure levels represented a 10-percent increase from the previous fiscal year, the fifth consecutive year in which total spending for food assistance increased.

Each food assistance program targets different populations with different nutritional needs. The five largest programs—the Food Stamp Program, the National School Lunch Program, the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC), the Child and Adult Care Food Program, and the School Breakfast Program—accounted for 95 percent of USDA's total expenditures for food assistance. Most of the total increase in food assistance expenditures between fiscal 2004 and 2005 was caused by the expansion of the Food Stamp Program, although each of the other four major programs expanded as well during fiscal 2005.

### USDA expenditures for food assistance, FY 1970-2005

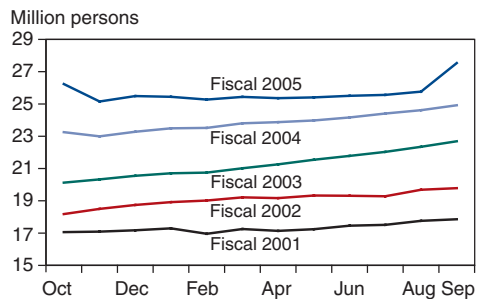


## Food Stamp Program Is the Fastest Growing Program

The Food Stamp Program is the largest of the food assistance programs, accounting for 61 percent of all food assistance spending in fiscal 2005. The program provides monthly benefits for eligible participants to purchase approved food items at authorized foodstores. Unlike the other food assistance programs that are targeted toward specific categories of the population, food stamps are available to most needy households (subject to certain work and immigration status requirements) with limited income and assets. During fiscal 2005:

- Spending for the Food Stamp Program totaled \$31.0 billion, exceeding the previous record high of \$27.1 billion set the previous year. The program was the fastest growing food assistance program: fiscal 2005 expenditures represented a 14-percent increase over fiscal 2004. The growth in expenditures was due to both an increase in participation and an increase in the average per-person benefit.
- An average 25.7 million people per month participated in the program, about an 8-percent increase over the previous fiscal year. However, participation levels remained below the record 27.5 million persons per month who participated in the program in fiscal 1994.
- Food stamp participation spiked in October 2004 due in part to the Disaster Food Stamp Program for hurricane victims in Florida. From November 2004 to August 2005, participation leveled off between 25.2 million and 25.8 million people per month. Participation increased to 27.5 million in September 2005 due largely to the Disaster Food Stamp Program for victims of Hurricane Katrina.

### Monthly food stamp program participation



### Disaster Food Stamp Program

The Disaster Food Stamp Program operates under a different set of eligibility and benefit delivery requirements than the regular Food Stamp Program does. People who do not ordinarily qualify for food stamps may be eligible under the Disaster Food Stamp Program if they have disaster damage to their homes, expenses related to protecting their homes, lost income as a result of the disaster, or no access to bank accounts or other resources.

- Benefits per person averaged \$92.70 per month, about an 8-percent increase over the previous year.



## Federal nutrition assistance at a glance

Program		FY 2004	FY 2005	Change
Food Stamp Program	Average monthly participation (millions)	23.9	25.7	7.6%
	Average benefit per person (dollars/month)	86.03	92.70	7.8%
	Total annual expenditures (\$ billions)	27.1	31.0	14.0%
WIC	Average monthly participation (millions)	7.9	8.0	1.5%
	Total expenditures (\$ billions)	4.9	5.0	2.8%
National School Lunch Program	Average daily participation (millions)	29.0	29.6	2.0%
	Total expenditures (\$ billions)	7.6	8.0	4.8%
School Breakfast Program	Average daily participation (millions)	8.9	9.3	4.8%
	Total expenditures (\$ billions)	1.8	1.9	8.0%
Child and Adult Care Food Program	Meals served in:			
	• child care centers (millions)	1,059.9	1,099.0	3.7%
	• family child care homes (millions)	687.6	672.1	-2.2%
	• adult day care centers (millions)	53.5	57.3	7.0%
	Total expenditures (\$ billions)	2.0	2.1	4.1%
All programs	Total expenditures (\$ billions)	46.1	50.7	9.9%

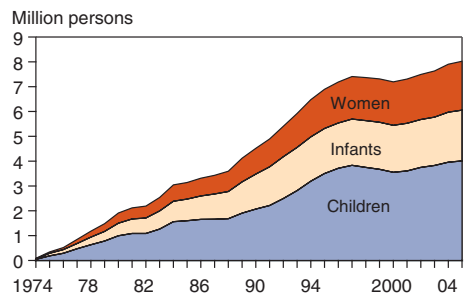
Note: The figures are based on preliminary data provided by the Food and Nutrition Service as of December 2005 and are subject to change. Total program expenditures include other programs not shown in table.

### WIC Participation Increases Slightly

The Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) helps safeguard the health of low-income pregnant, breastfeeding, and postpartum women, and infants and children up to age 5 who are at nutritional risk, by providing a package of supplemental foods, nutrition education, and health care referrals. During fiscal 2005:

- Spending for WIC totaled \$5.0 billion, 3 percent more than the previous year.
- An average 8.0 million people per month participated in the program, about a 2-percent increase over the previous fiscal year. This represented the smallest percentage increase in 5 years.
- Half of all participants were children (age 1-4 years), while women and infants accounted for about 25 percent each.
- After rebates, per-person food costs averaged \$37.55, about the same as the previous fiscal year.

### Average monthly participation in WIC increased in FY 2005



### National School Lunch Program Spending Rises

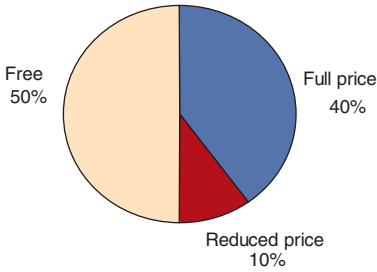
The National School Lunch Program provides nutritious low-cost or free lunches to schoolchildren. Schools that participate in the National School Lunch Program receive cash and some commodities from USDA to offset the cost of food service. In return, the schools must serve lunches that meet Federal nutritional requirements and offer free or reduced-price lunches to needy children. Any child at a participating school may enroll in the program. Children from families with incomes at or below 130 percent of the Federal poverty



guidelines are eligible for free meals, and those whose families' incomes range between 130 percent and 185 percent of the poverty guidelines are eligible for reduced-price meals. Children from families with incomes over 185 percent of the poverty guidelines pay a full price, though their meals are still subsidized to a small extent. During fiscal 2005:

- Spending for the program totaled \$8.0 billion, a 5-percent increase over the previous year.
- An average 29.6 million children participated in the program each school day. This represented about 60 percent of all children attending a participating school or institution.
- The total number of lunches served increased by 2 percent above fiscal 2004. The number of free and reduced-price lunches served each increased 3 percent, while the number of paid lunches increased 2 percent.
- Half of the school lunches served were provided free to students and another 10 percent were provided at a reduced price.

**Meals served in the National School Lunch Program by type of reimbursement, FY 2005**



### School Breakfast Program Expands

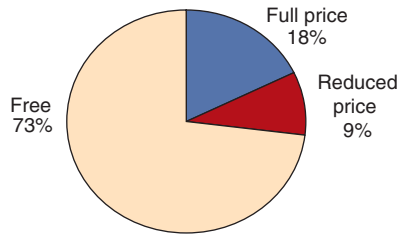
The School Breakfast Program provides low-cost breakfasts to schoolchildren, with students from low-income families receiving free or reduced-price meals under the same income-eligibility requirements as for the National School Lunch Program. During fiscal 2005:

- An average 9.3 million children participated in the program each school day, about 23 percent of all children attending a participating school or institution.
- Spending for the program totaled \$1.9 billion, 8 percent more than in fiscal 2004,

making it the second fastest growing food assistance program.

- A total of 1.6 billion breakfasts were served, 5 percent more than in fiscal 2004.
- Almost three-quarters (73 percent) of these breakfasts were provided free to students and another 9 percent were provided at a reduced price.

**Meals served in the School Breakfast Program by type of reimbursement, FY 2005**



### Child and Adult Care Food Program Grows Modestly

The Child and Adult Care Food Program subsidizes healthy meals and snacks in participating child care centers and homes and adult daycare facilities. The providers of care are reimbursed for each type of qualifying meal (breakfast, lunch/supper, or snack) they serve. During fiscal 2005:

- Expenditures for the program totaled \$2.1 billion, 4 percent greater than in fiscal 2004.
- A total of 1.8 billion meals were served, an increase of about 2 percent from fiscal 2004. About 60 percent of all meals served were in child care centers, 37 percent were in family child care homes, and 3 percent in adult care centers.

### Economic and Social Indicators

Economic and social conditions affect participation in and expenditures on the food assistance programs through their influence on: (1) the size of the eligible population; (2) the rate of participation among eligible people; and (3) benefit levels. Historically, changes in the country's economic conditions significantly affect participation in the Food Stamp Program. For example, the number of food stamp recipients typically rises during recessionary periods when the number of unemployed and poor persons increases, and falls during periods of economic growth as the number of unemployed and poor persons decreases.



## Selected economic and social indicators, 2003-05

Indicator	2003	2004	2005
Population in July (millions)	290.8	293.7	296.5(P)
Persons in poverty (millions)	35.9	37.0	NA
Poverty rate (%)	12.5	12.7	NA
Median household income (2004 dollars)	44,482	44,389	NA
Civilian unemployment rate (%)	6.0	5.5	5.1
Real GDP <sup>1</sup> (% change)	2.7	4.2	NA
Food-insecure households (thousands)	12,583	13,494	NA
Households with hunger (thousands)	3,920	4,449	NA
CPI <sup>2</sup> for all items (% change)	2.3	2.7	NA
CPI for food (% change)	2.2	3.4	NA
CPI for food at home	2.2	3.8	NA
CPI for food away from home	2.1	3.0	NA
TANF <sup>3</sup> recipients in March (thousands)	4,976	4,787	4,547
School enrollment (thousands)	54,296(P)	54,455(P)	54,615(P)

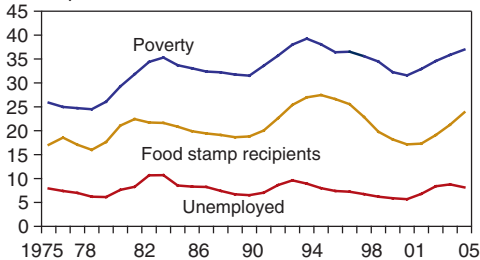
<sup>1</sup>Gross Domestic Product <sup>2</sup>Consumer Price Index <sup>3</sup>Temporary Assistance for Needy Families

Note: NA = Data not available. (P) = Projected.

The unemployment rate was 5.1 percent in 2005, down from 5.5 percent in 2004. This marked the second consecutive year in which the unemployment rate declined. Despite the decrease in unemployment, food stamp participation increased in fiscal 2005. This increase coincided with efforts to increase program awareness and improve access to the program and followed an increase of persons in poverty in 2004. The assistance provided to hurricane victims also contributed to the increase in food stamp participation.

### Number of food stamp recipients, unemployed, and people in poverty, 1975-2005

Million persons



### Research Update: Food Stamp Program Exit and Entry

During the 1990s, the Food Stamp Program caseload experienced periods of both substantial growth and substantial decline. Between 1990 and 1994, the caseload increased by more than 44 percent from 20 million to 29 million participants. After 1994, the caseload fell by more than 12 million participants, a decline of 43 percent. The period of decline ended in 2001; by January 2004, the case-

load had risen by about 38 percent. These trends were influenced by changes in the national economy as well as by major changes in cash welfare and Food Stamp Program policies.

Increases and decreases in the monthly number of Food Stamp Program participants are a function of the decisions of nonparticipants to enter the program, as well as the decisions of participants to exit (or not exit) the program. Understanding whether caseload trends are driven by changes in entry or changes in exit is important both for judging the success of existing policies and for developing effective policies in the future. A recent ERS report examined patterns of Food Stamp Program entry and exit, to see how those patterns contributed to the caseload trends of the 1990s. The report also examined trends in the length of time participants received food stamps, and explored how these spell lengths varied among different subgroups of the population.

The study found that changes in the caseload during the 1990s were driven both by changes in the rate that people entered the program as well as by the length of time that people participated. A rise in the entry rate was the driving force behind the caseload growth in the early 1990s. However, individuals tended to stay longer in the program during this period than at other points of the 1990s. This also contributed to the growth. The caseload decline of the late 1990s was driven chiefly by shorter participation length, although lower entry rates also contributed. Based on these results, policymakers should



consider the implications of policy and economic changes on both the rate at which people enter the program and on the length of time that they participate.

During the entire 1990 to 1999 period, more than half of new entrants into the Food Stamp Program exited the program within 6 to 8 months, and about two-thirds of new entrants exited within 1 year. Examining the participation spells of new entrants tells only part of the story. While new entrants who become short-term participants cycle off the program after a few months, new entrants who become long-term participants tend to accumulate on the caseload. Thus, in any given month, a large portion of the caseload consists of long-term participants.

Changes in the behavior of long-term participants during the 1990s were one of the most striking findings of the study. For example, in March 1996, between one-third and one-half of participants were in the middle of spells that lasted longer than 4.5 years. This represents a significant decline from earlier estimates: In 1992, for instance, half of participants were in the middle of spells lasting longer than 8 years.

The length of time that single mothers, the elderly, and noncitizens participated in the Food Stamp Program declined in the late 1990s. However, despite time limits imposed for able-bodied adults without dependents (ABAWDs) in the mid-1990s, the spell length of ABAWDs remained constant. This may reflect the fact that ABAWDs tend to have short participation spells, even without time limits.

The full study results can be found in *Food Stamp Program Entry and Exit: An Analysis of Participation Trends in the 1990s* (CCR-8,

U.S. Department of Agriculture, Economic Research Service, 2005) available at <http://www.ers.usda.gov/Publications/CCR8>.

### Food Stamp Program spell length by subgroup

Subgroup	Median spell lengths (months)*	
	1990-93 entrants	1996-99 entrants
Elderly	20	12
Single mothers	13	8
Noncitizens	12	8
ABAWDs <sup>1</sup>	4	4
All entrants	8	8

\*Spell lengths vary from household to household. Half of the households have a spell length longer than median and half have a shorter spell.

<sup>1</sup>Able-Bodied Adults Without Dependents.

Two additional research reports are available from the Food and Nutrition Service ([www.fns.usda.gov/oane](http://www.fns.usda.gov/oane)):

- *Reaching Those in Need: State Food Stamp Participation Rates in 2003* notes that the percentage of eligible people who received food stamp benefits ranged from less than 45 percent to more than 80 percent across the States.
- *Evaluation of Food Stamp Research Grants to Improve Access Through Use of Technology and Partnerships* reports that grants awarded to community-based organizations led to more than 11,500 new applications and 7,000 approvals for benefits.

Information on food assistance research can be found on the ERS website at [www.ers.usda.gov/briefing/foodnutritionassistance](http://www.ers.usda.gov/briefing/foodnutritionassistance) and on the FNS Office of Analysis, Nutrition, and Evaluation website at [www.fns.usda.gov/oane](http://www.fns.usda.gov/oane). Information on USDA's food assistance programs can be found on the FNS website at [www.fns.usda.gov/fns](http://www.fns.usda.gov/fns). For more information on this report, contact Victor Oliveira at [victoro@ers.usda.gov](mailto:victoro@ers.usda.gov).

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