

The Food Assistance Landscape

March 2004



The U.S. Department of Agriculture's (USDA) domestic food assistance programs affect the daily lives of millions of people. About 1 in 5 Americans is estimated to participate in at least 1 of 15 food assistance programs at some point during the year. The goals of these programs are to provide needy persons with access to a more nutritious diet, to improve the eating habits of the Nation's children, and to help America's farmers by providing an outlet for the distribution of food purchased under farmer assistance authorities. The Economic Research Service (ERS) is responsible for conducting studies and evaluations of USDA's food assistance programs, focusing on the benefits of improved diets and food choices, factors that influence diet and nutrition, and program outcomes. This report uses preliminary data from USDA's Food and Nutrition Service (FNS) to examine trends in the food assistance programs through fiscal 2003 (October 1, 2002, to September 30, 2003). It also discusses a recent ERS study on direct certification in the National School Lunch Program.



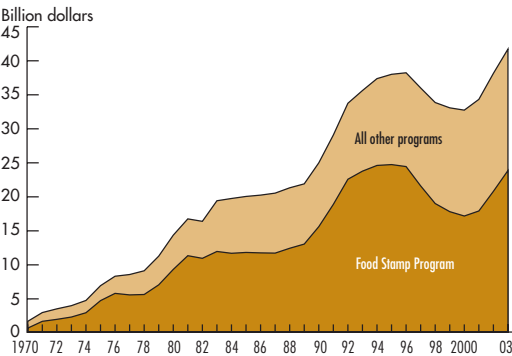


Expenditures for Food Assistance Set Record High

Expenditures for USDA's 15 food assistance programs increased 9.4 percent in fiscal 2003 to a record high of \$41.6 billion, exceeding the previous historical record of \$38.1 billion in fiscal 1996. The soft economy and high unemployment during 2003 increased the demand for food assistance, leading to the increase in expenditures.

Each food assistance program targets different populations with different nutritional needs. Five programs—the Food Stamp Program, the National School Lunch Program, the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC), the School Breakfast Program, and the Child and Adult Care Food Program—accounted for 94 percent of USDA's total expenditures for food assistance. Although each of these five major programs expanded during fiscal 2003, most of the total increase in food assistance expenditures between fiscal 2002 and 2003 was caused by the expansion of the Food Stamp Program.

USDA expenditures for food assistance, FY 1970-2003

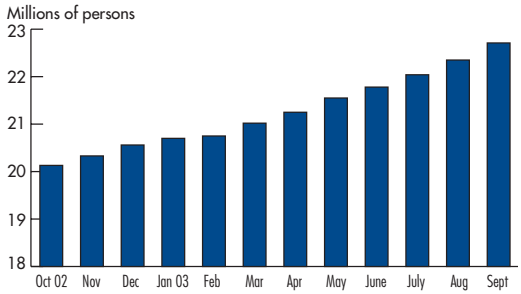


Increase in Food Stamp Program Participation Continues

The Food Stamp Program is the largest of the food assistance programs, accounting for 57 percent of all food assistance spending in fiscal 2003. The program provides monthly benefits for eligible participants to purchase approved food items at authorized food stores. The program is available to most needy households (subject to certain work and immigration status requirements) with limited income and assets. During fiscal year 2003:

- Spending for the Food Stamp Program totaled \$23.7 billion, or 15 percent more than in the previous fiscal year, making it the fastest growing food assistance program. This dramatic growth in expenditures was due to both an increase in participation and

Monthly participation in the Food Stamp Program trends upward in FY 2003



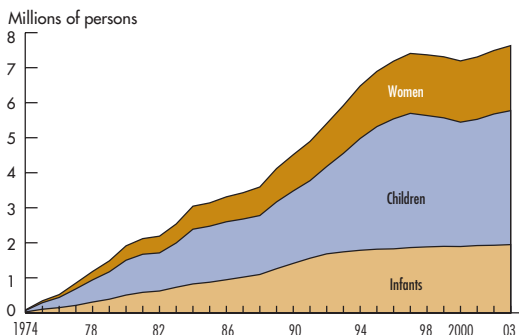
an increase in the average amount of the per person benefit.

- Participation in the program averaged 21.3 million people per month, or about 1 in 13 Americans.
- The average monthly number of food stamp participants was 11 percent more than in the previous year. This percentage increase marked the largest in participation since 1992. Despite the growth, participation was still far below the record 27.5 million participants in fiscal 1994.
- Participation in the program trended upward throughout the year. In each of the 12 months, participation increased over the previous month. This was a continuation of a longer term trend: Since August of fiscal 2000, participation in the Food Stamp Program has risen in 33 of the last 38 months.
- Benefits per person averaged \$83.91 per month, a 5-percent increase over the previous year.

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 year 2003:

Average monthly participation in WIC increased in FY 2003





Federal Nutrition Assistance At-A-Glance

Program		FY 2002	FY 2003	Change
Food Stamp Program	Average monthly participation (millions)	19.1	21.3	11.4%
	Average benefit per person (dollars/month)	79.68	83.91	5.3%
	Total annual expenditures (\$ billions)	20.7	23.7	14.8%
WIC	Average monthly participation (millions)	7.5	7.6	1.9%
	Total annual expenditures (\$ billions)	4.3	4.5	4.0%
National School Lunch Program	Average daily participation (millions)	28.0	28.3	1.0%
	Total annual expenditures (\$ billions)	6.9	7.2	4.4%
School Breakfast Program	Average daily participation (millions)	8.1	8.4	3.4%
	Total annual expenditures (\$ billions)	1.6	1.6	4.8%
Child and Adult Care Food Program	Meals served in:			
	• child care centers (millions)	984	1,022	3.9%
	• family day care homes (millions)	708	694	-1.7%
	• adult day care centers (millions)	45	48	8.0%
	Total annual expenditures (\$ billions)	1.9	1.9	3.8%
Total program expenditures	Total expenditures (\$ billions)	38.0	41.6	9.4%

Note: The figures are based on preliminary data provided by the Food and Nutrition Service as of November 2003 and are subject to change. Total program expenditures include figures from other food assistance programs not shown in table.

- Spending for WIC totaled \$4.5 billion, or 4 percent more than the previous year.
- Monthly participation in WIC averaged 7.6 million people, an increase of 2 percent over fiscal 2002.
- Children (age 1-4 years) comprised 50 percent of all WIC participants, while women accounted for 24 percent and infants younger than 1 year of age, 26 percent.
- Per person food costs averaged \$35.22, about the same as during the previous year.

National School Lunch Program Grows Slightly

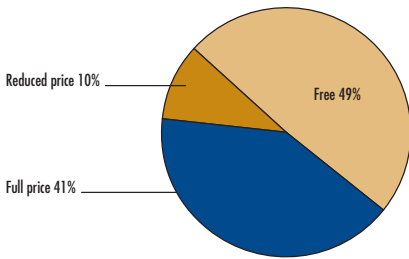
The National School Lunch Program provides nutritious low-cost or free lunches to schoolchildren. Schools that participate in the National School Lunch Program receive cash and some commodities from USDA to offset the cost of food service. In return, the schools must serve lunches that meet Federal nutritional

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 from families between 131 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. Over 90 percent of all elementary and secondary students in the United States attend a school that participates in the program. During fiscal year 2003:

- Spending for the program totaled \$7.2 billion, a 4-percent increase over the previous year.
- An average 28.3 million children participated in the program each schoolday. This represented about 58 percent of all children attending a participating school or institution.



Meals served in the National School Lunch Program by type of reimbursement, FY 2003



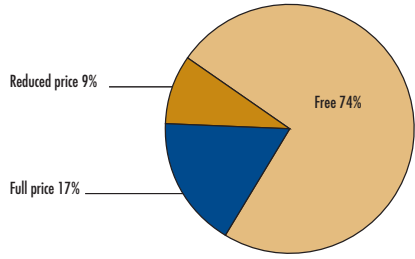
- Although the total number of lunches served remained about the same relative to fiscal 2002, the number of free and reduced-price lunches served each increased 2 percent while the number of paid lunches served decreased by 1 percent.
- Almost half (49 percent) of the school lunches served were provided free to students and another 10 percent were provided at a reduced price.

School Breakfast Program Expands Modestly

The School Breakfast Program provides low-cost breakfasts to schoolchildren, with students from low-income families receiving free or reduced-price meals (eligibility requirements are the same as those for the National School Lunch Program). Almost three-quarters of all elementary and secondary students in the United States attend a school that participates in the program. During fiscal year 2003:

- An average of 8.4 million children participated in the program each school day, or about 22 percent of all children attending a participating school or institution.
- Spending for the program totaled \$1.6 billion, or 5 percent more than in the previous year.
- A total of 1.4 billion breakfasts were served, or about 3 percent more than in fiscal 2002.
- Almost three-quarters (74 percent) of these breakfasts were provided free to students and another 9 percent were provided at a reduced price.
- Two-thirds (67 percent) of the breakfasts served in the program received "severe need" reimbursements. (Schools may qualify for these higher "severe need" reimbursements if a specified percentage of their lunches are served free or at reduced price.)

Meals served in the School Breakfast Program by type of reimbursement, FY 2003



Child and Adult Care Food Program Continues To Expand

The Child and Adult Care Food Program subsidizes healthy meals and snacks in participating child care centers and homes and adult day care facilities. The providers of such care are reimbursed for each type of qualifying meal (breakfast, lunch/supper, or snack) they serve. During fiscal year 2003:

- Expenditures for the program totaled \$1.9 billion, almost 4 percent greater than the previous year.
- A total of 1.8 billion meals were served, an increase of about 2 percent from fiscal 2002.
- About 58 percent of all meals served were in child care centers, 39 percent were in family child care homes, and 3 percent in adult day care centers.
- Compared with the previous year, the number of meals served in adult day care centers increased 8 percent, the number of meals served in child care centers grew by 4 percent, while the number of meals served in family child care homes decreased by 2 percent.

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, 2001-03

Indicator	2001	2002	2003
Population (millions)	285.3	288.4	NA
Persons in poverty (millions)	32,907	34,570	NA
Poverty rate (%)	11.7	12.1	NA
Median household income (2002 dollars)	42,900	42,409	NA
Civilian unemployment rate (%)	4.7	5.8	6.0
Real GDP (% change)	0.3	2.4	NA
Food insecure households (thousands)	11,521	12,058	NA
Households with hunger (thousands)	3,511	3,799	NA
CPI for all items (% annual change)	2.8	1.6	NA
CPI for food (% annual change)	3.2	1.8	NA
CPI for food at home (% annual change)	3.3	1.3	NA
CPI for food away from home (% annual change)	2.9	2.5	NA
TANF recipients (thousands)	5,479	5,187	4,964
School enrollment (thousands)	53,369(P)	53,566(P)	53,700(P)

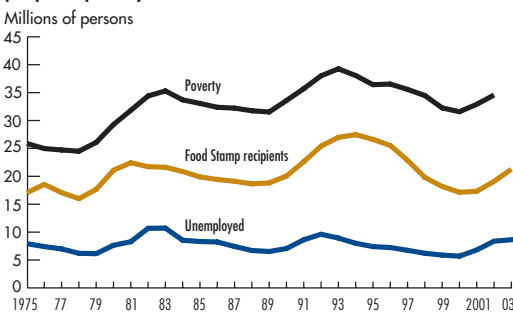
Note: NA = Data not available. (P) = Projection.

March 2001 marked the beginning of a recession, defined by the National Bureau of Economic Research as a significant decline in activity spread across the economy that lasts more than a few months. Several economy-wide measures of economic activity are used in determining recessionary periods, including the national employment situation. The labor market was weak during 2003, as the economy remained sluggish. The annual unemployment rate increased from 5.8 percent in 2002 to 6.0 percent in 2003, the highest rate in 10 years. The weak job market, along with increased efforts by States to improve program access, explains much of the increase in the number of food stamp participants during 2003.

Research Update: The National School Lunch Program and Direct Certification

ERS recently released results of a study that examined the prevalence of direct certification in the National School Lunch Program and its impact on program access and integrity. One of the important features of the National School Lunch Program is that children living in families with incomes of 130 percent or less of the Federal poverty guideline—or who receive food stamps (FS), Temporary Assistance for Needy Families (TANF), or assistance from the Food Distribution Program on Indian Reservations (FDPIR)—qualify for free meals. USDA introduced the policy of direct certification for free meals in the late 1980s. Previously, families who wanted their children to receive free meals had to complete an application and provide data on either family size and income or receipt of FS/TANF/FDPIR benefits. School officials then determined whether families met eligibility requirements. Under direct certification, information from the State food stamp or welfare agency is used to directly certify children receiving FS/TANF/FDPIR benefits without requiring them to complete certification applications.

Number of food stamp recipients, unemployed, and people in poverty, 1975-2003





Direct certification was designed primarily to improve program access and administrative efficiency. If existing data from State food stamp or welfare offices were used to directly certify children, a higher number of children who are eligible would be likely to become certified for free meals. If the need for these children to complete applications and for district officials to process these applications were eliminated, administrative costs could be reduced. Finally, direct certification might also improve program integrity. Promoting program access among this group could increase the proportion of certified students eligible for the level of benefits they are receiving because FS/TANF/FDPIR recipients, by definition, are eligible for free meals.

As of the 2001-02 school year, 61 percent of U.S. public school districts used direct certification. Because larger districts were more likely to use direct certification than smaller districts, just over two-thirds of all students attended districts using direct certification. The prevalence of direct certification among districts in 2001-02 was about the same as it was

in 1996 when a previous study of direct certification was conducted.

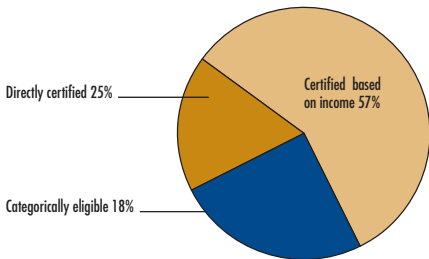
In the average direct certification district, one in four students certified for free meals is directly certified. Another 18 percent are “categorically eligible,” meaning that they became certified by application based on a reported FS/TANF/FDPIR case number. The others are certified for free meals by application based on income.

Among all students (including those in districts not using direct certification), 18 percent of students certified for free meals are directly certified. Directly certified students make up 6 percent of all students (including those not certified for free meals).

The study estimated that direct certification increases participation and lowers ineligibility among free and reduced-price students. With nearly 40 percent of districts not using direct certification and substantial numbers of categorically eligible students apparently missed by the system in districts using the policy, expanding the use and improving the operation of direct certification could improve both program access and integrity.

The full results from this study can be found in *Direct Certification in the National School Lunch Program—Impacts on Program Access and Integrity: Final Report* (E-FAN-03-009, U.S. Department of Agriculture, Economic Research Service, 2003) available at www.ers.usda.gov/publications/efan03009.

Means by which students in direct certification districts were certified for free meals



Additional Information

Information on food assistance research can be found on the ERS website's food and nutrition assistance briefing room at www.ers.usda.gov/briefing/foodnutritionassistance. Information on USDA's food assistance programs can be found on the Food and Nutrition Service website at www.fns.usda.gov/fns. For more information on this report, contact Victor Oliveira at victoro@ers.usda.gov.



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