



IMPROVING THE FOOD STAMP PROGRAM

The Feeding America's Families Act and the 2007 Farm Bill

Every five years, Congress must reauthorize the Farm Bill, which provides funding for agriculture subsidies, conservation programs, and certain nutrition programs. The nutrition title of the Farm Bill authorizes the Food Stamp Program and The Emergency Food Assistance Program (TEFAP). The 2007 Farm Bill presents an opportunity to strengthen these programs. Several bills have been filed to establish priorities for the nutrition title in the 2007 Farm Bill. The most comprehensive piece of legislation is the Feeding America's Families Act (H.R. 2129), introduced by Representatives Jim McGovern (D-MA) and Jo Ann Emerson (R-MO) on May 3, 2007. This bi-partisan legislation would strengthen the Food Stamp Program and increase the capacity of emergency food providers. This *Policy Page* reviews the timeline for the 2007 Farm Bill, outlines the key features of H.R. 2129, and suggests actions you can take to build momentum for a strong nutrition title in the 2007 Farm Bill.

2007 FARM BILL TIMELINE

In late May or early June, the House and Senate Agriculture Subcommittees will begin "marking up" or making preliminary decisions about the Farm Bill. Both the House and Senate Agriculture Committees will present their Farm Bill proposals to their respective chambers before the July 4 recess. The House of Representatives and the Senate are expected to vote on these proposals later in July. A final agreement must be reached by October 1, 2007 – the deadline to reauthorize the Farm Bill.

THE FEEDING AMERICA'S FAMILIES ACT

Roughly 2.3 million Texans rely on Food Stamps to purchase food each month. Although Food Stamps have been enormously successful in reducing childhood hunger, cuts to the program in 1996 have undermined its effectiveness.

Many households that receive Food Stamps also rely on the aid of emergency food providers because their Food Stamp benefits often run out before the end of the month. In a study by America's Second Harvest — The Nation's Food Bank Network, researchers found that more than half of Food Stamp recipients in their emergency food network reported running out of their monthly Food Stamps within two weeks, and over 80 percent ran out by three weeks into the month.¹ When their Food Stamp benefits run out, families either have to cut back on food or choose less expensive, less healthy food.

There are also millions of Texans who do not receive Food Stamps, even though they qualify and are in desperate need of assistance, either because they are deterred by the

¹ "Hunger in America, 2006," America's Second Harvest, <http://www.hungerinamerica.org/>.

complicated enrollment process or don't know they are eligible. Finally, millions of families in Texas and across the nation must choose between saving for the future and meeting their basic needs, due to the Food Stamp Program's outdated limits on savings and other liquid resources.

Representatives McGovern and Emerson have introduced the Feeding America's Families Act to address these problems and strengthen the Food Stamp Program's ability to meet the nutritional needs of low-income Americans. The legislation would improve benefits levels for Food Stamp recipients, restore cuts in eligibility made in 1996, and increase access to the program by investing in outreach and program simplification. Though it is unlikely to pass, the bill is intended to establish priorities for the nutrition title of the 2007 Farm Bill, and many of its provisions could be included in the final Farm Bill.

Restoring the Purchasing Power of Food Stamp Benefits

In 1996, as part of federal welfare reform, Congress enacted two across-the-board cuts in the Food Stamp benefit. As a result of these cuts, the Food Stamp benefit for a typical working parent with two children in Texas will be about \$37 per month (\$450 per year) less in 2008 than it would have been before the cuts. H.R. 2129 would undo these cuts, restoring the Food Stamp Program's ability to help low-income families purchase a nutritionally adequate diet. It would also increase from \$10 to \$30 the minimum Food Stamp benefit, a change that would largely benefit seniors.

Adjusting Benefits to Respond to Food Inflation

The maximum amount of Food Stamp benefits that a family may receive is based the cost of the U.S. Department of Agriculture's Thrifty Food Plan (TFP), a diet plan intended

to provide adequate nutrition at a very modest cost.²

In 1996, Congress reduced the Food Stamp Program's maximum benefit level from 103 percent of the cost of USDA's "thrifty" food plan to 100 percent of the TFP. The maximum benefit had been set at 103 percent of the cost of TFP to reflect the fact that there is a 4-to-16 month lag between the month for which USDA estimates the cost of the TFP (June of each year) and the months for which the benefit levels based on that cost are in effect. As a result of the cut, Food Stamp benefits are no longer sufficient to purchase the thrifty food plan in any given month, because Food Stamp benefit levels reflect the cost of food *in the previous June* rather than current food costs. Evidence also suggests that the TFP is already inadequate to purchase a diet that is consistent with the federal government's most recent nutrition guidelines.³

H.R. 2129 would restore the maximum Food Stamp benefit to 103 percent of TFP by 2012.

Indexing to Inflation the "Standard Deduction"

H.R. 2129 would improve the purchasing power of Food Stamps by increasing the "standard deduction" to reflect increases in the cost of living.

² USDA estimates the monthly costs of purchasing food for eating at home under four different official food plans: the thrifty, low-cost, moderate-cost, and liberal plans (see <http://www.cnpp.usda.gov/USDAFoodPlansCostoffood.htm>).

³"The Real Cost of a Healthy Diet," Boston Medical Center, August 2004. In this study, a team of pediatricians and researchers found that, in Boston neighborhoods in 2004, a family would need \$27 more than the official TFP each month to actually purchase the TFP, and \$148 more a month to purchase a diet consistent with the federal government's nutrition guidelines.

The Food Stamp allotment is calculated based on a family's income and expenses. All families are allowed to subtract a "standard deduction" from their income to account for the portion of their earnings they must spend on necessities other than food, such as child care and housing. In 1996, Congress froze the standard deduction at \$134.⁴ Over the last decade, the cost of these living expenses – in particular child care and housing – has significantly increased, while the standard deduction has not, leading to a significant erosion in the value of the Food Stamp benefit.

If the standard deduction had continued to keep pace with inflation, it would be \$184 this federal fiscal year (FFY), \$205 by FFY 2012, and \$229 in FFY 2017.

H.R. 2129 would, by 2012, restore the value of the standard deduction to what it would have been if it had not been frozen since 1996. The annual increase in the standard deduction would be linked to the Consumer Price Index to prevent future erosion in its value.

(For more information about Food Stamp erosion, see http://www.cppp.org/files/3/FS%20erosion%20paper_2.pdf)

Full Child Care Deduction

H.R. 2129 would also allow working parents to deduct the full cost of their child care when calculating their income. Under current law, the maximum child care deduction is \$200 per month for a child under the age of 2 and \$175 per month for older children. This

⁴ The 2002 Farm Bill changed the standard deduction so that it once again rises with inflation *for households with four or more members*. However, for households with three or fewer members the deduction remains frozen at \$134, the 1996 level. The average Food Stamp household in Texas contains fewer than 3 members.

change would allow working families with child care expenses to qualify for a larger Food Stamp benefit.

Increasing the Minimum Benefit

H.R. 2129 would raise the minimum Food Stamp benefit from \$10 to more than \$30 per month. This change would benefit seniors the most, because Social Security benefits generally make them ineligible to receive more than the minimum benefit. This increase would allow low-income seniors living on a fixed income to afford a more nutritious diet.

Expanding Eligibility

H.R. 2129 would enable low-income families to keep savings accounts designated for retirement or education without adversely affecting their eligibility for Food Stamps. Under current Texas law, if a family's savings and other liquid resources (including most retirement and education savings accounts) exceed \$5,000, the family is ineligible for Food Stamps.⁵ This forces many families with limited income to choose between being able to put food on the table and saving for their retirement or their children's education.

The current limits on retirement and education savings discourage working families from building assets and are counterproductive in addressing poverty. Hurricanes Katrina and Rita illustrated the need for emergency cash reserves, especially for low-income households. The Food Stamp asset limits make it even harder for families to weather a crisis.

By excluding retirement and education savings accounts from the Food Stamp resource test, H.R. 2129 would help low-income families

⁵ The limit on liquid resources in federal law is \$2,000, or \$3,000 for households with elderly members. However federal regulations give states the flexibility to increase their resource limits, and most states have exercised this option.

save for the future while meeting their basic needs.

H.R. 2129 would extend Food Stamp eligibility to all legal immigrants, eliminating the current five-year waiting period for adult legal immigrants. It would also repeal the arbitrary time limit on Food Stamp eligibility for jobless, childless adults, and give states greater flexibility to provide Food Stamps to individuals reentering society after being released from prison.

Increasing Access

In Texas, less than half of eligible households participate in the Food Stamp Program. This means that many low-income families who need Food Stamps are not receiving them. It also means that Texas loses more than a billion dollars of federal revenue each year that could be used to provide food assistance to needy families. CPPP estimates that Texas would have received an additional \$900 million in fiscal year 2005 if the state reached just 60% of the population eligible for Food Stamps.⁶

H.R. 2129 would increase federal funding for Food Stamp outreach to improve awareness and increase participation among eligible families. States would also be eligible for funds to identify and implement practices to increase program access.

Incentives for States

HR 2129 would increase bonus funds to states that improve Food Stamp program access and reduce error and fraud.

States would also be eligible to receive bonuses for testing innovative solutions to improve program operations, effectiveness, and

⁶ See http://www.cppp.org/files/3/Food%20Stamp%20Participation%20By%20County_2005.pdf for CPPP's estimates of Food Stamp participation and lost federal revenue by county.

participation. States would also be eligible for grants to help expand the number of farmers markets that accept Food Stamps.

Support for the Emergency Food Network

The Emergency Food Assistance Program (TEFAP) provides USDA commodity foods to food banks and other emergency food providers. H.R. 2129 would increase TEFAP funding to \$250 million a year and index annual funding to inflation.

In Texas, TEFAP is called the Texas Commodities Assistance Program (TEXCAP). The state administers TEXCAP through a contract with 14 food banks, which distribute the commodities via their network of 3,600 agencies covering all of Texas' 254 counties. With the support of TEXCAP, Texas food banks distribute over 205 million pounds of food each year to more than 2 million needy individuals.

Conclusion

The Feeding America's Families Act would make a significant overall investment in strengthening the federal nutrition safety net. It makes badly needed changes to the Food Stamp Program that would strengthen its ability to help more needy families afford an adequate diet. For the full text of H.R. 2129, please visit: http://www.frac.org/pdf/FAF_ActText07.pdf.

HOW YOU CAN SUPPORT H.R. 2129 & A STRONG NUTRITION TITLE IN THE 2007 FARM BILL

Contact Members of Congress

Representative Collin Peterson (D-MN) and Senator Tom Harkin (D-IA) are the respective chairs of the House and Senate Agriculture Committees. Please contact Representative Peterson and ask him to support a strong Farm Bill nutrition title by coauthoring and/or supporting the Feeding America's

Families Act. Also contact Senator Harkin and urge him to help strengthen the Food Stamp Program by supporting the provisions in H.R. 2129.

Texas has four members on the House Agriculture Committee: Representatives Nick Lampson (22th CD), Henry Cuellar (28th CD), Randy Neugebauer (19th CD) and Michael Conaway (11th CD). If you live in one of these members' districts, contact them and urge them to support the provisions in H.R. 2129.

Visit <http://www.capitol.state.tx.us/> to find out who represents you in Congress.

National Day of Visit & Calls

On May 22, 2007, please join anti-hunger advocates around the country in urging all Members of Congress to support a strong nutrition title in the 2007 Farm Bill. Call your Members of Congress (or their nutrition policy staffers) in their Washington, D.C., offices and tell them why you support a strong Food Stamp Program.

Participate in the "Food Stamp Diet Challenge"

Across the country, many people are taking the "Food Stamp Diet Challenge" by eating on a Food Stamp allotment for a week. This means using only \$21 (\$1 per meal) to purchase groceries for an entire week.

The Capital Area Food Bank and CPPP have challenged all Central Texans to take the Food Stamp Diet Challenge from May 15-21, 2007. For information or to sign up for the Challenge, visit www.austinfoodbank.org.

Participants will experience first-hand the difficulties of making their Food Stamp benefits last the whole week and purchasing nutritional meals with such a meager allotment. By participating in the Food Stamp Diet Challenge, you can increase

awareness of why a strong nutrition title in the 2007 Farm Bill is so important.

The Center for Public Policy Priorities is a nonpartisan, nonprofit policy research organization committed to improving conditions for low- and moderate-income Texans. Learn more at www.cppp.org.